



THE INDEPENDENT

N° 3343

TUESDAY 8 JULY 1997

WEATHER: Cloudy with showers

(R45p) 40p



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Revealed: Ulster deal that failed

Exclusive
David McKittrick
Ireland Correspondent

The Government planned to allow the controversial Drumcree march to go ahead in return for concessions from the Orange Order which they failed to secure, according to a confidential Northern Ireland Office document.

It reveals that almost three weeks ago ministers and security chiefs had concluded that, with no local accommodation in sight, a controlled parade on Portadown's Garvaghy Road was "the least worst outcome".

Drawn up by the NIO's associate director for policing and security and marked "confidential", the document declared that there was a consensus among Mo Mowlam, Secretary of State for Northern Ireland, Ronnie Fianagan, the Royal Ulster Constabulary's Chief Constable, the Army and the Northern Ireland Parades Commission.

The repercussions of the decision to push the parade through continued to be seen on the streets of Belfast and elsewhere yesterday as widespread disturbances continued in dozens of republican districts.

By last night, 37 civilians and 46 police officers had been injured in rioting and shooting incidents which involved both the IRA and the smaller INLA. Dozens of vehicles were hijacked and burnt, with police advising motorists to keep out of large areas of Northern Ireland.

The financial cost is only just beginning to be assessed, but there will be a multi-million pound bill. The public transport company Translink said damage

to trains and buses alone was already more than £9m.

Curiously the lengthy document makes no mention of RUC intelligence that loyalist terrorists were intent on killing Catholics in the event of a ban on the parade. The Chief Constable leant heavily on the argument that one of his central motivations in pushing the parade through was to save Catholic lives in the light of intelligence assessments of loyalist intentions.

The document, dated 20 June, was endorsed by John Steele, the NIO director of security, who described it as "the gameplan" and stated: "I am sure this is the only way open to us that has any chance of success."

The Government approach was based on a judgement that no local agreement with the Orange Order would emerge. It set out that the hope that the Government "might, with luck, establish that all sides are in the territory of finding the lowest common denominator for getting some Orange feet on the Garvaghy Road."

A "main menu" of possible adjustments to the march to make it more acceptable to Catholic residents included a reduction in numbers, the absence of any bands from the parade, an earlier and hopefully less disruptive time for the march, and the removal of regalia such as swords, flags and banners which residents objected to.

It also hoped that the Orange Order might be pressed into agreement that it would enter talks with Catholics about next year's parade. It suggested the Order might be induced to speak to Brendan McKenna, the ex-prisoner who is the residents'

chief spokesman, "if he were specifically to acknowledge his terrorist past and disclaim any present influence by Sinn Féin."

The most remarkable idea floated in the document was that the march, which is partly in commemoration of the Battle of the Somme in 1916, might "incorporate visible sign of respect for Catholic tradition in parade - eg if parade is indeed partly in memory of those who died at the Somme..." In the event the Orange Order agreed to none of the compromises.

As the disturbances continued there were appeals from Catholic bishops and others for calm and for peace. A group of senior business figures who yesterday met Ms Mowlam later expressed concern "about the damage which the heightened community tension and its expression in widespread disorder is inflicting on chances of winning jobs, investment, trade and tourism. If we keep on failing to get to grips with our community divisions, our economic prospects will be blighted and, sadly, the consequences will inevitably be worst for the least fortunate in our society."

In the wake of the Drumcree march Ms Mowlam appealed to the Orange Order to show flexibility in relation to other contentious marches which lie ahead, in particular a parade planned to pass through the Catholic lower Ormeau area of Belfast on Saturday.

She said yesterday: "I recognise the disappointment and the anger which many people are feeling. I too am very disappointed. I recognise what a setback this is. Yesterday was a sad day for us all."

Leaders, page 15



A study in orange and green: one of the exhibits at the Hampton Court Flower Show which opens tomorrow

Photograph: Emma Boam

How sheer luck saved Iraq's most brutal leader from the assassins



Uday Hussein: Partially paralysed

Patrick Cockburn

Saddam Hussein's son only escaped death in an ambush last December because he changed places with his driver at the last minute, a leader of the assassination squad told *The Independent* in the first interview about the attack.

Until a year ago Uday Hussein, with a reputation for violence that is excessive even by Iraqi standards, acted as the *de facto* prime minister of Iraq. He recently left hospital, but is believed by Iraqis to be partially paralysed; one bullet is still lodged in his spine. Ismail Othman, who planned the assassination attempt in Baghdad believes that, even if his group failed to kill Uday, perhaps the most hated man in Iraq, they

eliminated him as a political leader.

Mr Othman says the four gunmen "believed he would be driving the first car because he always did that. In fact he had shifted to the passenger's seat."

It was the most carefully planned assassination attempt in the Middle East since President Sadat of Egypt was shot dead at a military parade 15 years ago. Strict security measures had ensured that until 12 December last year all assassination attempts against Saddam Hussein and his family had failed. Iraqis were as impressed by the fact that the gunmen escaped as they were by the fact that Uday had been shot down.

Mr Othman, a youngish Iraqi now hiding in a European capital, revealed that at first his group, called al-Nadhah (the awakening) had considered

kidnapping Uday, but decided it was too difficult. Instead they discovered a member of Uday's own circle called Ra'ad al-Hazza, whose uncle had been executed by Saddam Hussein, who was willing to help the assassins.

Mr Hazza learned that Uday was to attend a party in Mansur, a fashionable district of Baghdad, on the evening of 12 December and passed on the information to Mr Othman's group.

"We thought Uday would have to take one of two routes to come to the party," says Mr Othman. "We chose a place where the two roads met at a crossroads... We knew he would be in one of three white Mercedes, all the same shape, model and with the same number plates to confuse attackers about the car Uday was in."

When he arrived, four gunmen belonging to al-Nadhah were waiting to intercept him. One threw a grenade and raced towards the convoy, firing a Kalashnikov at the driver of the first Mercedes under the impression it was Uday. It was only when a second gunman arrived that they realised Uday was still alive and shot at him.

Since the Gulf War the US has spent \$100m financing groups seeking to overthrow Saddam Hussein in a military coup. Although some 300 Iraqis have been killed as a result of these attempts the regime in Baghdad shows no sign of weakening. Mr Othman says his group had no connections outside Iraq and this may have been the secret of its survival.

Iraqi rebel plot, page 13

£200m of new trains on track to nowhere

Christian Wolmar

New trains, which cost £200m of taxpayers' money to build, are to be junked. The 139 coaches intended for sleeper services through the Channel Tunnel will now never be used because London & Continental Railways, which was given them as part of a deal with the Tory government, would make enormous losses running them. Rolling stock is being kept in a bunker on a disused Army

base in Warwickshire, and the company will now consider selling or leasing out the trains.

An announcement by L&CR - owned by a consortium that includes Richard Branson's Virgin - that it is abandoning sleeper services is expected shortly.

The coaches, built by Metro Cammell in Birmingham, a subsidiary of GEC Alsthom, have also been hit by a number of technical problems, including electrical glitches.

Despite the problems, many

of the coaches have been completed and testing has been taking place in Britain, Germany and France.

Now L&CR may strip out their brand-new fittings and transfer them to domestic services. Virgin, which operates both the West Coast main line and the Cross-Country services, is likely to be short of trains if passenger numbers continue to grow and may try to buy or lease the coaches which, though heavier than conventional

stock, would be perfectly suitable for domestic use.

Sleeper services through the tunnel were due to be introduced nearly two years ago following a commitment by the Government to introduce them, which was reiterated by the then transport secretary, Brian Mawhinney, when he told the October 1994 Tory conference that they would be in service by early 1996.

L&CR, which runs Eurostar services, has realised that there

is no market for the sleeper trains, which were due to be running on a number of routes linking provincial towns in Britain with the Continent.

For example, Plymouth and Swansea were to have been linked with a train at Kensington Olympia in west London that continued to Paris. Another train was to have gone from Glasgow to Paris but would have taken 13 hours and was not going to have a restaurant car. But the concept of sleeper

trains is losing favour. An L&CR source said: "We've looked at all the sleeper train routes in the world, and we reckon that there isn't one that makes a profit."

The night trains were built as a result of a political commitment by the Tories to MPs in the South West and the North. One inside source said: "There was a backroom stitch-up. MPs were promised the trains if they allowed the Channel Tunnel Act to go through."



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School trip deaths
A school was in mourning last night after two British teenagers on a trip abroad were killed when their coach plunged into a ravine in the French Alps. Page 5

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news

significant shorts

I was raped by captain, TA private tells tribunal

A Territorial Army private was raped and suffered a barrage of sexual insults and abuse during a three-year period of "institutionalised harassment", an industrial tribunal was told yesterday.

The 35-year-old woman from London, who cannot be named for legal reasons, said she was raped by a captain who was second in command of her unit. The attack was part of a three-year ordeal she endured as one of the first women recruits in the TA in London. She told the tribunal in central London yesterday. It is the first sexual harassment claim against the part-time Army reserve force.

She claims she was raped, groped, punched, and suffered sexually explicit insults during her period of voluntary service with the TA between 1992 and September 1995.

She also said she was raped on April 23, 1994. "I was waiting for a taxi after leaving an event at the TA. He came up to me and insisted on driving me home. We went to his house." She told the tribunal he insisted on her staying over, giving her the bed while he slept on the sofa. "I woke up in the night with the captain on top of me. I told him to get off and asked him what he thought he was doing. I couldn't get him off. He had intercourse with me. I was so upset and shocked I didn't know what to do."

She told the tribunal she did not contact the police or tell any senior officers within her TA unit. "I didn't think anyone would believe me. I just had to be strong and carry on."

Doncaster councillors suspended

Four leading councillors in Doncaster have been suspended from the local authority's ruling Labour group following a new set of revelations concerning mispractice in the troubled authority.

Former leader and deputy leader, Peter Welsh and Ray Stockhill, and two senior committee chairmen, Peter Birks and John Quinn, have been suspended from their positions as Labour councillors while an investigation is carried out into their role in a series of planning decisions made over the past five years.

Malcolm Glover, the council leader, said the suspensions had been agreed with the national Labour Party. Doncaster is currently the subject of a major police inquiry following revelations earlier this year that leading councillors had been on foreign trips at the council's expense without proper authority. **Christian Wolmar**

Six million tune in to Mr Darcy



The brooding charms of Mr Darcy have captivated the nation for a second time.

Sunday night's first double-length repeat of the Jane Austen serial *Pride and Prejudice* was watched by a peak audience of six million people on BBC1.

It beat ITV's new series *Millennium*, which was watched by about five million.

BBC bosses are delighted that Colin Firth as Mr Darcy and Jennifer Ehle as Lizzie Bennet has enthralled viewers once again. A spokesman said: "It shows that viewers love home-grown drama of high quality."

Foster family to sue for negligence

Four children who were sexually abused by a teenager fostered by their family yesterday won the right to sue the council and the social worker who placed him there for negligence.

A High Court judge said that the social worker had a duty of care to provide the foster parents with "reasonable" information - in this case that the boy had earlier received a caution for an indecent assault. But the judge, Mr Justice Hooper, said that the parents were not allowed to go ahead with their compensation claim for the trauma suffered after the 15-year-old boy sexually assaulted all four of their children, aged between seven and 12. **Glenda Cooper**

Benefits for Sierra Leone nationals

The Government has designated Sierra Leone a "country of upheaval" with effect from 1 July, opening the way for nationals of the strife-torn west African state to claim benefits despite not having sought political asylum on entry to the UK. The move will help students or visitors who are now too afraid to return home in the wake of the 25 May coup. **Patricia Wynn Davies**

MP's Bill against bad haircuts

The motive was impeccable, the timing perhaps a little close to the scalp. Just as the Prime Minister's wife was living down her stylist's £2,000 trip to Denver yesterday, a Labour backbencher called for redress yesterday for the victims of bad haircuts.

Introducing what he described as "a short, back and sides of a Bill," Austin Mitchell, MP for Great Grimsby, urged a proper registration system for British hairdressers. Of 110,000 hairdressers working in this country only 13,000 were registered, he said, while other European countries demanded recognised qualifications from anyone setting up a salon. **Fran Abrams**

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NEWSPAPERS SUPPORT RECYCLING
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people



A FINE ROMANCE: President Nelson Mandela and his partner, Graca Machel (right), arrive in London today. They will take tea with the Queen and will also meet Tony Blair. After Mr Mandela's bitter divorce, South Africans have taken delight in their president's relationship with Mrs Machel, the widow of Mozambique's first president, Samora Machel, who died in an air crash in 1986

'Conman posed as an Arab prince to win woman's heart'

A smooth-talking conman posing as an Arab prince won the heart of a young woman after impressing her with tales of his luxury houses, fast cars, private jet and ocean-going yacht, a court heard yesterday. Raghb Daghdugh, 51, then proposed to Sammar Razaq, 27, and ran up a five-figure bill for a wedding that never happened.

Daghdugh, of Wilson Road, Stansham, Portsmouth, denies one count of obtaining services by deception between 18 and 23 April last year.

The charge alleges he obtained a £15,000 floral display from Windsor florist Susan Barnes by falsely claiming he was Prince Azidin Al Samussi and had "sufficient funds" to pay for his order.

Michael Forward, prosecuting, told Southwark Crown Court: "This defendant, who presented himself as being a sophisticated businessman, debonair, worldly wise and, more importantly, filthy rich, was not the Omar Sharif figure that Miss Razaq believed him to be, but had more in common with Reggie Perrin."

Mr Forward said Daghdugh met Miss Razaq at a dinner party thrown by her parents, in January 1996. "During the course of the dinner party, the defendant said he was a Libyan businessman, a dealer in precious stones, gold and jewellery and living in opulent surroundings by the lake in Geneva in Switzerland."

After a time, a relationship developed between him and the unmarried dentist and eventually he proposed. Mr Forward said that Miss Razaq asked her fiancé if they could have their reception on board his yacht, preferably while it was moored at Tower Bridge.

He balked at this idea, saying he found the waters of the Thames too muddy and suggested the quayside in Southampton instead.

Eventually the day came when Miss Razaq and many other people found themselves at the quayside in Southampton, waiting for the arrival of the ocean-going yacht. They waited in vain, said Mr Forward.

The court heard that Miss Razaq left the defendant between £10,000 and £15,000 during their six-month relationship. The case continues. **Kate Watson-Smyth**

Archer's Bill to reform succession passes first hurdle

Jeffrey Archer, the best-selling author and Tory peer, last night appeared set to change the law on the succession to the throne, with a minor piece of writing in the statute book that could outlast his most famous novels.

Lord Archer (right) saw his Bill to give equal rights to women in the accession to the Crown pass its first hurdle, by being nodded through the House of Lords. It now stands a strong chance of becoming law next year.

He is believed to have the backing of senior Labour peers, who will give it a fair wind in the House of Lords.

It is expected to gain a second reading in the autumn and go through its final stages in the Lords, raising the prospect that it could go through the Commons early in the New Year.

"I think public opinion has shown very clearly this is no more than common sense as this Bill would not take effect until the first born of Prince William."

"I think most people would think it would be a fanciful to suggest that in 2060 women were not as capable of being monarch as men."

The rules of primogeniture, under which the eldest son inherits all his parents' property have been



raised in connection with the possibility that Prince Charles might renounce his claim to the throne, to marry Camilla Parker Bowles.

The next in line by age should be the Princess Royal, Princess Anne, who has gained popularity for her charitable and international work, after her own divorce.

Primogeniture would rule her out from inheriting the crown, which would pass to Prince William, the eldest of the Prince's two children, and Prince Harry, before the succession passed to Prince Charles's brothers, the Duke of York and Prince Edward.

Lord Archer's Bill will not have retrospective powers, and will not help the Royal Family to resolve the constitutional crisis, if the Prince of Wales does seek to marry.

Colin Brown

Second Channel 4 executive resigns

Peter Anson, Channel 4's head of drama, became the channel's second senior executive to leave yesterday within the first week of new chief executive Michael Jackson's reign.

Last week Seamus Cassidy, head of comedy for the channel, left because he wanted to return to programme-making. Mr Anson, however, is leaving because Mr Jackson's plans for the channel "do not include him", said a Channel 4 source.

Mr Anson's departure will increase tensions at the channel, where a number of commissioning editors are known to be worried about their future. "They could all be teaching on media studies courses by the end of the year," joked one insider yesterday.

Mr Anson, who had been with Channel 4 for 12 years, was the man behind its long-running association with dramatist Alan Bleasdale, the writer of *GBH* and *Jake's Progress*. He was also responsible for *The Politician's Wife* and overseeing *Brookside*.

Channel 4 denied there had been a dispute about *Brookside*'s recent controversial portrayal of a woman dying of cancer.

Works commissioned by Mr Anson will still be shown, including a dramatisation of Anthony Powell's *A Dance to the Music of Time*. **Paul McCann**

briefing

HEALTH

Sick building syndrome ruled out as cause of illness

"Sick building syndrome" is a myth - but sick organisations are causing unexplained ill-health among their employees, psychiatrists say.

A study of 4,000 people working in 44 office buildings uncovered a clutch of symptoms associated with sick building syndrome, including wheeziness, sore throat, colds and flu, rashes and itching, tiredness, blocked or runny nose, itchy eyes, cough and headache.

Although these had some connection with the physical environment in which sufferers worked, there was a stronger link with job satisfaction. Those with little support at work had more symptoms, while those whose work was less demanding had fewer.

Dr Alex Marmot, an architect who conducted the study with her husband, Michael Marmot, professor of epidemiology at University College Hospital, London, said: "I wouldn't use the term sick building syndrome at all. There are sick organisations and poor management and a lot of people who have difficult lives - and that is what we are seeing here."

Jeremy Laurence

PAY

Women lawyers get lower salaries

The latest Law Society pay survey has revealed that women salaried partners are still earning an average of £9,000 a year less than their male counterparts, while average salaries of female assistant solicitors lag by £4,000 behind males.

Tony Girling, the society's president, and Kamlesh Bahl, chairwoman of the Equal Opportunities Commission, said yesterday that they were writing to every solicitors' firm asking them to re-examine pay scales and implement the EOC's Equal Pay Code of Practice.

Mr Girling said: "Discrimination in pay is professional misconduct, quite apart from being against the law of the land."

Ms Bahl said: "Pay equality makes good business sense. It helps keep down staff turnover and loss of key skills to a minimum. It also sends an important message about a firm's corporate values."

Patricia Wynn Davies

SHOPPING

Irresistible rise of the gadget

The supermarket chain Safeway is to update its hand-held shopping scanner - designed to help customers to keep a running total of their purchases and cut check-out queues. The new hi-tech device will be able to say "hello" to shoppers when they arrive and tip them off about special offers it thinks might interest them.

The gadget expands the self-scanning system, already used in 12 Safeway stores, which tot up shoppers' bills as they go round the store, so reducing check-out queues. But by using information gleaned through Safeway's loyalty card scheme, this latest scanner is able to interact with each customer on an individual basis.

Shoppers slot their cards into the machine when they pick up their trolleys. The computer can then tap into the vast database of information about shopping habits compiled over past visits.

The first shoppers to experience the Handiscan's personal service will be at the chain's store in Aylesbury, Buckinghamshire. It will be introduced in about 50 stores by the end of the year.



WELFARE

Confusion leads to benefit fraud

People who commit benefit fraud may simply have been desperate for money, confused about the system or unaware they were doing anything wrong, according to the Policy Studies Institute.

Benefit fraud is estimated by the Government to cost the Exchequer around £4bn every year, and prosecutions have doubled since 1990-1 to reach 9,546 in 1994-5.

The report, carried out for the Department of Social Security, found that tough policies to deter people from breaking the rules were unlikely to work, however because few think that they are committing a real crime, and even those who admit they are doing wrong see no alternative.

Many were confused by the complexity of the benefits system and were sometimes quite unaware that they were doing wrong.

The most effective way of tackling benefit fraud is through simplification of social security rules, coupled with clearer instructions and firm warnings. Tough prosecution policies should be targeted at the few premeditated and persistent offenders, the report argues. **Glenda Cooper**

ROADS

Blueprint for cutting traffic

The pressure group Transport 2000 launches its alternative national roads policy today, to coincide with the Government's own review of the roads programme.

Transport 2000 says the first step is to develop policies for cutting road traffic, by discouraging car use and planning new developments so that people can get to them without a car.

In the short term, lower speed limits with tough enforcement, traffic calming and lorry bans are all needed, it says. Roads must no longer be planned in isolation, or in a piecemeal fashion.

Improving or installing other transport options such as railways should always be considered at the same time, it argues.

Nicholas Schoon

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The art of generosity: the man who gave £7m to Tate

David Lister
Arts News Editor

The mystery millionaire who has put a fortune behind the transformation of the Tate Gallery has been identified as an 88-year-old art-loving businessman who still works as a financial adviser.

Despite his age, Sir Edwin still acts as senior adviser to the American International Group, the company where he has worked for most of his life. Born in Essex, he was educated at Shaftesbury Grammar School and London University. He went to New York in 1933 when he was 24 as a casual underwriter for the American International Corporation. He became president of the corporation in 1942 and chairman in 1969. He retired in 1975 but returned in 1982 as a senior



Gifted: Detail from the recently discovered version of *The Glebe Farm* which has been bequeathed to the Tate

adviser to the reconstituted American International Group. His wealth derives largely from the 4 million shares he has in the company, which are worth more than £260m.

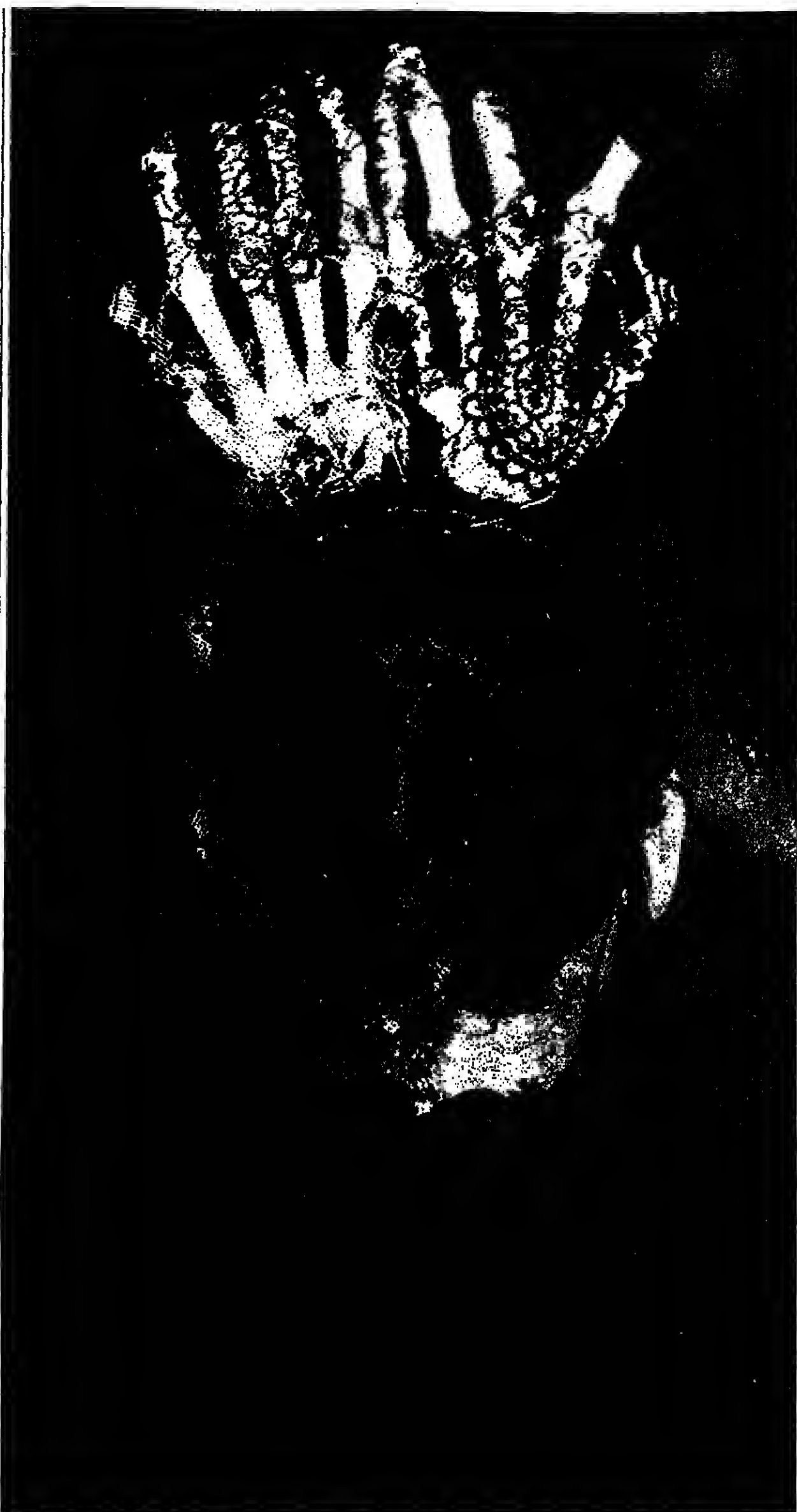
Nicholas Serota, director of the Tate, confirming Sir Edwin as the gallery's mystery philanthropist, said: "It is a wonderful gift and will allow us to transform the way we show British art here on Millbank."

Sir Edwin, who lives in New York, lists his recreations in *Who's Who* as walking and art. In 1987, he was one of several anonymous donors who helped raise £3m to save Constable's *Waterloo Bridge* for the nation.

The money given by Sir Edwin is crucial to the redevelopment of the Tate at Millbank as the new Tate Gallery of British Art, which will start this year. It will house a collection charting the history of British art from the Tate's holdings, while international contemporary art is moved to the new Tate Gallery of Modern Art at Bankside on the other side of the Thames.

The Millbank redevelopment partly funded by Sir Edwin will provide a new suite of six exhibition galleries, nine new or refurbished galleries and a second entrance in Atterbury Street with an internal staircase leading up to new upper-storey galleries.

Two versions are already at the Tate, and a third at the Detroit Institute of Arts.



Haunted house: A lace headdress and veil, with bones – a typically macabre offering from the Givenchy collection presented by Alexander McQueen yesterday

To die for? McQueen strips style to the bone

Tamsin Blanchard
Paris

The curtains swathing the rooms in the Parisian medical school were blood-red, but contrary to rumours, there were no human remains or dismembered body parts to be seen in Alexander McQueen's second and triumphant haute couture collection for Givenchy.

This was the collection that McQueen failed to deliver last January. It was pure theatre, with costumes ranging from tartan bustle jackets to a good number of dead animals, including crocodile and fox.

Crows in 8ft cages were placed strategically around the catwalk. They had been brought

were fed to the crows, hence the bird cages. At yesterday's show, the ghosts of those women came back to haunt, wearing outfits made up of pieces from travels around the world: Burmese necklaces, Japanese kimonos, Russian peasant dresses, Spanish lace, and the odd Victorian gazelle horn, rudely emerging from the side of a handbag.

The collection was a complete departure from McQueen's last one for Givenchy. It was a return to his own singular vision of fashion, executed with the finesse and perfection of the haute couture atelier.

Walter Van Beirendonck, the Belgian designer who is no stranger to theatrics in his own



Bird in the hand: Alexander McQueen, with feathered accessory, after the show Photograph: Gareth Watkins

from the countryside that morning. The cages were designed by McQueen's art director, Simon Costin, the conceptual artist and one-time jeweller who used among other things, human sperm and animal bones in his work. He is the man responsible for the water catwalk at McQueen's own collection in London that convinced Givenchy's owners just three seasons ago that McQueen was the man for the job.

Costin dismissed the stories of human remains being used in the show as "nonsense", but said the rumours must have come from someone inside the design studio. He and McQueen have worked together for the past two months on the typically macabre idea for the collection.

It is based around an Elizabethan professor of surgery who travelled the world picking up carpets and exotic trinkets. He later went mad and was accused of witchcraft.

McQueen's collection took the fictional story that the professor also collected some of the world's most beautiful women whom he stored in boxes. At his surgery, he set about dismembering the bodies and piecing them together to form his own creations. Any unwanted parts

works, was invited by McQueen to see the show. "It's great work," he said. "Everything he didn't do in his previous collection he did here." Also in the audience were potential customers, the wives of Stephen Spielberg and Tom Hanks.

McQueen, 27, is no stranger to the shock factor. His previous collections under his own name have been held at Christchurch in east London, where Simon Costin was responsible for the use of horns, hair, and bone for the jewellery. His early collections caused outcry over their similarity to car-crash victims and his clothes are often considered in dubious taste.

When Givenchy hired him, publicity – good and bad – was guaranteed. He was the provocative East End bad boy with bad manners, bad language, and bad teeth, the hulk in the china shop that is haute couture.

At the end of the show, McQueen and Honor Fraser, the Scottish aristocrat who is the new face of Givenchy, walked out to the barrage of cameras and film crews that the house needs more than the haute couture customers to keep its fragrances and licences alive.

Fayed to sell Windsors' Paris treasures

David Usborne
New York

Pleading lack of space for his family in the former Paris home of the Duke and Duchess of Windsor where he lives, Mohamed al Fayed is to sell the entire array of the couple's goods and chattels that have until now remained inside it.

The collection, which includes the desk at which the then King Edward VIII signed the papers of abdication in 1936, as well as a piece of the wedding cake from his marriage to the American-born Wallis Simpson, is to be auctioned by

Sotheby's in New York over nine days from 14 to 19 September.

The largest single sale to be undertaken by Sotheby's, it is sure to generate excitement among the legions of devotees of all things British and royal, in the United States especially, and eclipse the Christie's sale of 79 dresses from Diana, the Princess of Wales, here two weeks ago.

Mr Fayed bought the Bois de Boulogne residence of the Windsors from the City of Paris in 1986 on a 30-year repairing lease. He moved with his family into what had been the servants' quarters on the top floor. At the same time, he acquired

all of the couple's possessions from the Pasteur Institute to which they had been bequeathed by the Duchess, who died in 1986.

While the collection's value has been set at about £3m, Diana Brooks, president of the auction house, said yesterday that she expected the final tally from the sale to be "well in excess" of that sum.

Some are already valuing the entire batch of 40,000 items at £30m. Mr Fayed, the owner of Harrods and of the Paris Ritz hotel, said that the entire proceeds from the sale would be distributed to children's charities in Britain, continental Eu-

rope and North and South America. "You will understand that this has been a very, very difficult decision for Mr Al Fayed," his spokesman, Michael Cole, said in New York. However, he added that with his wife, Heidi, and his four children, Mr Fayed could no longer live in the house without expanding into the lower floors.

Insisting on the uniqueness of the sale, Mr Cole added: "Never has there been, probably since the reign of King Charles I, this number of possessions of an English king come at once on to the market for sale."

Experts at Sotheby's were also adding their assessments of the importance of the auction. "Every object tells a story," declared Joe Friedman, director of English furniture. "Through the collection it is as if the Duke and Duchess themselves were telling their own story. There could be no more intimate or poignant a record."

Under the gavel will be items ranging from paintings by Munnings and Degea, coins, military pieces, and, perhaps above all, the full array of the couple's wardrobes which, in some eyes, set them apart as important arbiters of fashion and taste in the middle of the century.



Duchess of Windsor: Bequeathed possessions to Pasteur Institute



Duke of Windsor: Desk where he signed abdication papers to be sold



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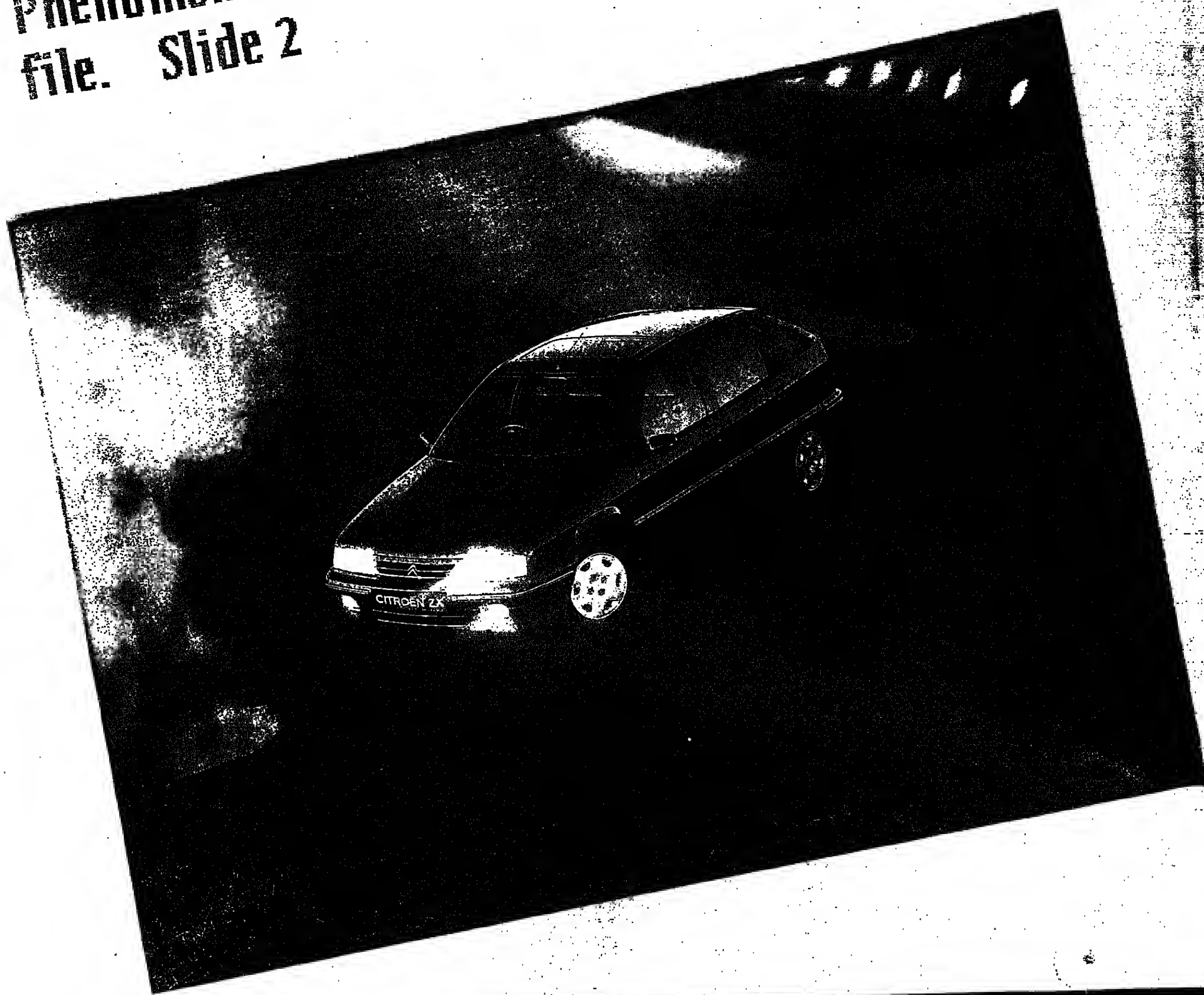
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Phenomenon
file. Slide 2



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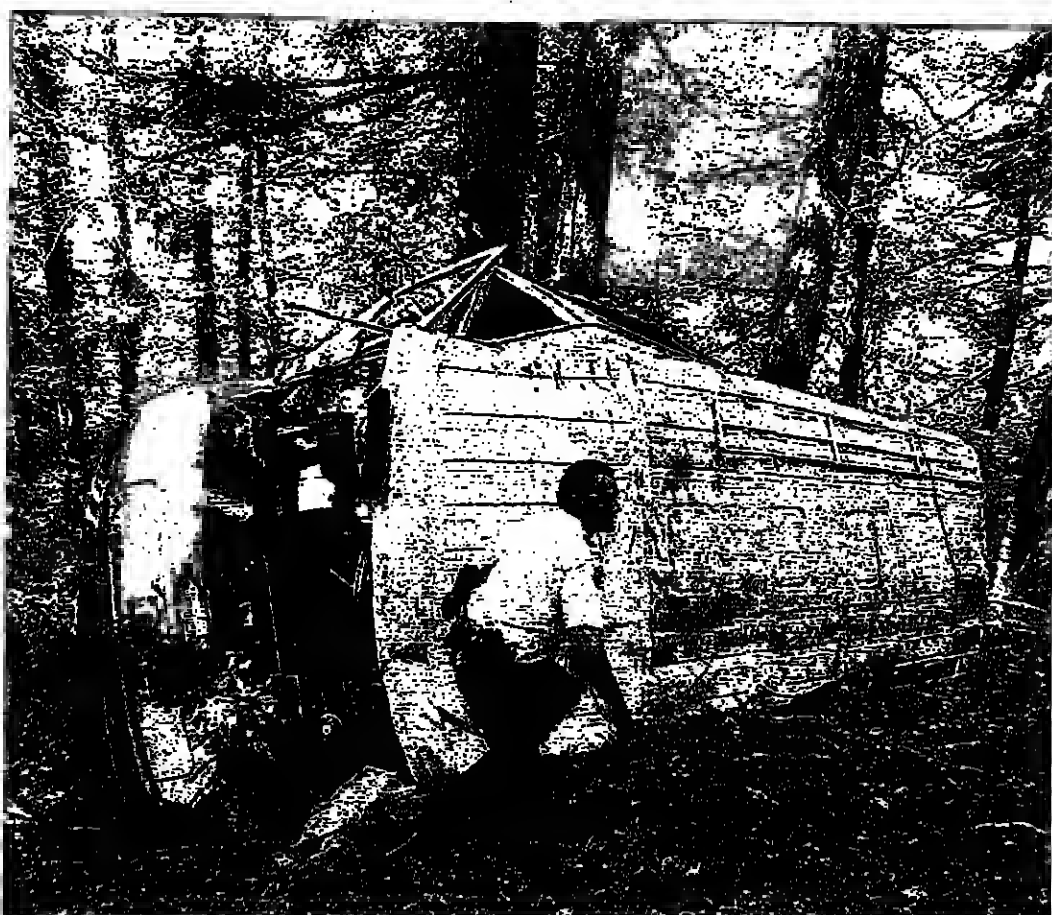
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A French policeman at the scene of the coach crash in which two died yesterday; and (right) pupils mourn the death of their friends



Photographs: Electronic Image/Reuters

2 die in school coach plunge

Louise Jury

A school was in mourning last night after two British teenagers on a trip abroad were killed when their coach plunged into a ravine in the French Alps.

David Bowes, headmaster of St James's High School in Farnworth, Bolton, broke the news of the tragedy to shocked parents yesterday before calling a special school assembly to tell his pupils.

Nicola Moore, 16, was killed when the bus she was on plummeted more than 60 feet from a narrow road between the villages of Notre-Dame du Pre and Longefort.

A 14-year-old boy, Robert Boardman, died later on the operating table as he underwent emergency surgery. His best friend, Keith Ridings, also 14, remained seriously ill last night in hospital in Grenoble.

Parents of the dead and injured were on their way to France yesterday, while the school will stay closed today. Mr Bowes said members of staff at the school were very concerned for the families of the dead children.

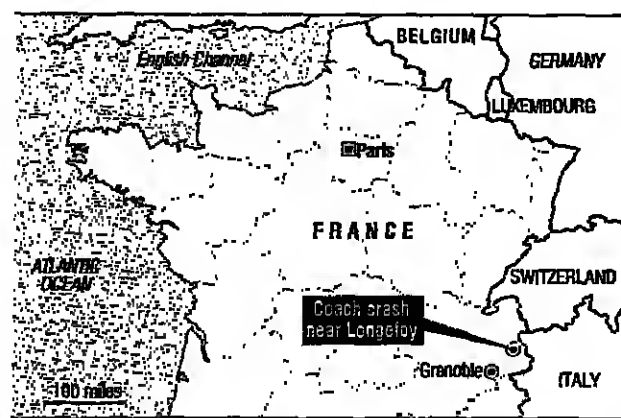
"We share their grief," he said. "The whole school is very shocked because of the events and staff are obviously anxious for news of the children and about their colleagues."

Pupils were fuming from the coach when it ran off a winding mountain road on a bend at 9.15am, about 15 miles from where they had been staying in Peisey-Nancroix. The cause of the crash was not known.

The more seriously injured were taken in hospitals in the region by helicopter while others were taken by road.

Last night 11 people were still being treated in Moutiers, including a 33-year-old female teacher and a 24-year-old man.

Another 10 members of the party were in hospital at Bourg-St Maurice. None was badly injured, although a hospital spokesman said the children were very upset. "I think most of the children will be released soon. The bus was on a very dangerous road and fell around 20 metres," the spokesman said.



The group was part of a party of 41 pupils and five staff on a "curriculum enhancement week" which involved white-water rafting and mountain biking.

The group on the coach had been travelling to take part in a water-skiing day when it crashed.

The party travelled to France last week; another school group is in Holland.

David Vicarage, the former

chair of school governors and a parent, said the 900-pupil school was a close community and that this would help them cope with the tragedy.

But he added: "It really is quite a dreadful situation - not something you would wish on your worst enemy. Only time will help us sort the situation out."

"The staff and school have galvanised themselves into action to deal with this as best they

"The school is one big happy family. That is its strength and any death is like losing a member of the family"

losing a member of the family. I have offered my services as a counsellor to staff, parents and children."

One pupil from St James's School, Steven McDermott, 14, had booked to go to France but changed his mind nine months ago.

His mother, Janette, 38, said: "I didn't like losing the £30 deposit at the time but in this case I am glad I did."

The accident comes nearly a year after tragedy hit another school trip to France. Caroline Dickinson, 13, from Launceston, Cornwall, was raped and murdered as she slept in her dormitory in Pleine-Fougères, Brittany. Her murderer has not been caught.

The area of France which the Bolton party was visiting has become increasingly popular with schools in recent years.

A spokesman for the Ski Club of Great Britain said: "School visits to this area and to other mountain regions in Europe really get going in the last two weeks of July and then throughout August."

Second strike on horizon as BA prepares for turmoil

Barrie Clement, Kathy Marks and Anthony Bevins

Union leaders are expected to announce another three-day strike at British Airways to begin on Saturday week, following the 72-hour stoppage beginning tomorrow.

Nearly one-third of British Airways flights will be cancelled during the first three-day strike that starts tomorrow morning, with up to 40,000 passengers affected.

The airline carries 100,000 people worldwide on a typical day, and was yesterday negotiating frantically with other carriers in an effort to transfer travellers to other flights.

Worst disrupted will be Heathrow, where only 15 per cent of European and 35 per cent of long-haul flights will leave. Among the European destinations hit by cancellations will be Frankfurt, Amsterdam, Lyon, Toulouse and Oporto. Among long-haul cancellations from Heathrow will be flights to North America.

Inter-continental flights from Gatwick will also be badly affected, with only 35 per cent operating. Among services disrupted will be those to destinations in South America and Africa.

Passengers already on holiday who were due to fly back to Heathrow or Gatwick during the strike period will be stranded abroad unless their travel agents manage to make alternative arrangements. And domestic flights in and out of Heathrow will be wiped out.

However, domestic and European services from Gatwick will operate as normal, as will European and long-haul flights from Manchester, Birmingham, Edinburgh and Glasgow airports. Airlines that operate as franchise partners of BA, such as Brymon and Loganair, will also fly full services.

A BA spokeswoman said that as a last resort people would be given full refunds on

their tickets. The airline says that flights will be staffed by non-union employees and cabin crew in unions not involved in the dispute.

The airline has spent £500,000 on an advertising campaign giving details of disrupted flights. Despite that, travel agencies were inundated with inquiries yesterday.

The Prime Minister's Office made clear last night that it foresaw no active intervention by the Government in the dispute; it said it was best sorted out by the two sides involved.

There has been speculation that Tony Blair might take an interest because of his friendship with Bob Ayling, of British Airways, and Bill Morris, of the transport workers' union, but that was firmly ruled out.

The Transport and General Workers' Union expects the company to demand that strikers, returning to work on Saturday, sign an agreement to work normally. Failure would lead in dismissal, it is believed.

The company said yesterday that approximately half the crew rostered to work during this week's strike had indicated their intention to do so. More employees than anticipated were prepared to work and that would mean an increased level of strike-breaking services, a spokesman said.

The union will decide tomorrow whether to press ahead with industrial action by 9,000 groundstaff in protest at the sell-off of BA's catering division.

Sources in the union predict that the catering personnel will reject the package, although management believes it will be accepted. If action by ground staff goes ahead, it is expected that a 24-hour strike would be called to coincide with next week's disruption by cabin crew.

Contrary to private briefings last week by officials of the GMB general union, its 3,500 members among the ground-staff voted against strikes.

Andrews Whitman Smith, page 17

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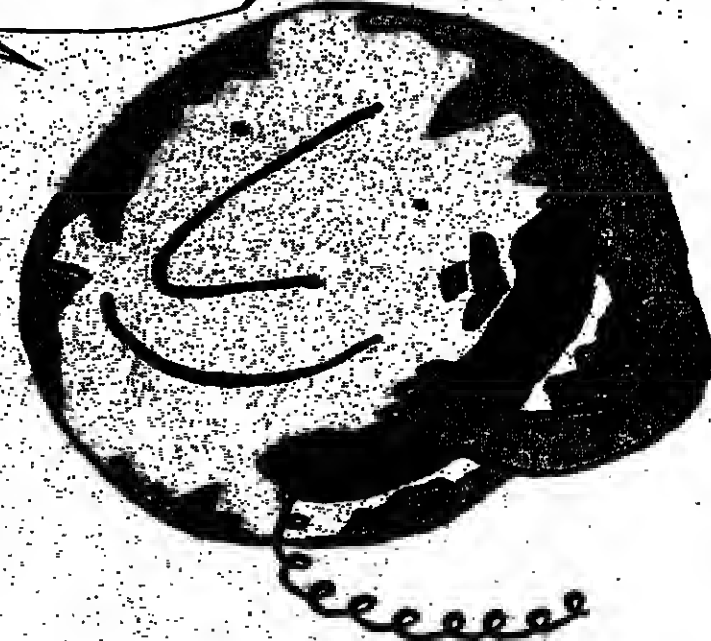
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news

Short's code of conduct for ethical trading

Diane Coyle
Economics Editor

The Government hopes to use consumer pressure to persuade businesses of the merits of ethical trade with the Third World. Clare Short, Secretary of State for International Development, will today announce government support for an initiative to develop a code of business conduct for trading with the world's poorest countries.

Some of the country's biggest retailers, including Sainsbury's, Safeway, C&A, Littlewoods and the Co-operative Wholesale Society, have already started to introduce "ethical trading" codes. Under the Government's

new initiative, they will help develop a benchmark set of voluntary rules covering the pay and conditions under which the goods retailers import from developing countries are made.

Ms Short hopes that consumer pressure on ethical trade will build up in a parallel to the green consumer movement. In her speech at the Institute of Directors today she will say: "The ethical movements are growing instruments of change and development. Consumers are increasingly using their power."

The Government's new initiative follows a decision by retail group Burton last week to cease importing clothes from suppliers in Burma. Its an-

The moral pound - a history of consumer boycotts

Chile: Human-rights abuses by Pinochet's government in Santiago sparked off a boycott of Chilean wine.

South Africa: Throughout the Eighties, the British middle-classes spurned wine and fruit. After Nelson Mandela's release, South African wine sales shot up.

Romania: In January, Amnesty International called on consumers not to buy Romanian wine as the country still has the most draconian anti-gay laws in Europe.

McDonald's: Restaurants around Britain were boycotted during the record-breaking libel trial which finished last month.

McDonald's: Restaurants around Britain were boycotted during the record-breaking libel trial which finished last month.

France: After the outrage at France's nuclear tests on Mururoa Atoll 18 months ago (wine sales were hit), Chirac promised he would comply with the test ban treaty.

ouncement came after *The Independent* and the BBC's *Newsnight* exposed working conditions there.

Ms Short will announce that the Government is to take a more active role in encouraging

ethical trade. It will provide seed money for other businesses and charities such as Oxfam and Christian Aid to develop a code of conduct.

A spokesman for Safeway said: "We will work with gov-

ernment departments and other organisations to try and get an agreed approach. Fair trading standards will only work if they are industry-wide."

A spokesman for Christian Aid said: "It is time for ethical

business to come out of the ghetto and into the mainstream. It is no longer good enough to have just a few ethically-traded products."

In her speech, Ms Short will say: "My hope is that we can increasingly work together toward a shared sense of purpose in eliminating poverty from the globe." She will stress the importance of a partnership between the Government, businesses and consumer and pressure groups.

The role of business is crucial, Ms Short will say, because private trade and investment dwarf official aid flows in scale. Trade flows between the UK and less developed countries amounted to nearly a hundred times the

size of the official aid programme, and UK investment in less developed countries amounts to more than that from France, Germany and Italy combined.

The Government's stress on voluntary measures to press for better pay and conditions in poor countries will be less controversial than separate moves to write minimum labour standards into international trade agreements.

Although the unions and many aid organisations favour blocking imports made in what they consider to be exploitative conditions, many developing country governments see this as plain trade protectionism.



Clare Short: Wants to promote trade with a conscience

For sale: luxury apartments aboard the cruise of a lifetime. A snip at £4.5m

Louise Jury

For the men and women who have everything - a £4.5m private apartment on a giant cruise liner.

Destination - the carnival in Rio, the grand prix in Monaco, and all the sassiest events in the world's social calendar.

Plans for the ship, *The World of ResidenSea*, feature a liner larger than the QE2 and a membership culled from the address books of the wealthy.

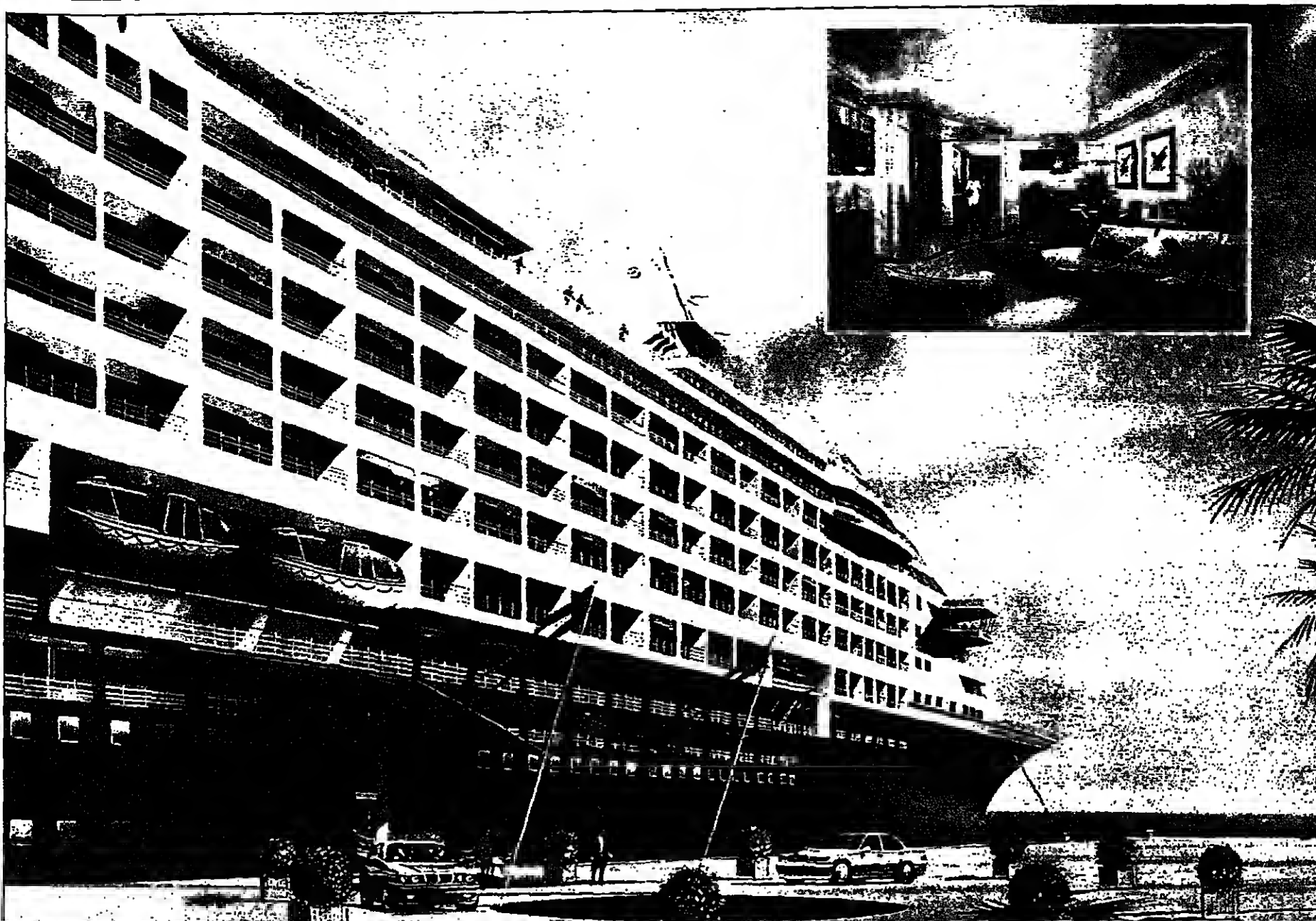
The idea is to create one giant floating luxury mansion block where the most affluent people can enjoy their own homes with neighbours just like themselves.

Its itinerary will include the Scandinavian fjords, the Caribbean, Mexico and New York, as well as calling at events like the Sydney Olympics in 2000.

Some unable to tear themselves away from their money-making ventures are even reported to be planning to set up business on board the 1,000ft, 85,000 ton ship which will boast a spa, tennis courts, seven restaurants and a supermarket.

"The *World* offers the opportunity to own a private home in the world's greatest cities and resorts, to travel the world without leaving the comfort and security of one's own home," according to Savills, the estate agent marketing the project.

Charles Weston-Baker, a Savills director, admits it is one of the more unusual sales opportunities he has



Sailing by: An artist's impression of *The World of ResidenSea*, a floating home for the wealthy, complete with fully-furnished apartments (inset)

handled. But he claims to have had a string of inquiries already from those wearying of the troubles of staffing and maintaining yachts or second homes in the Caribbean and Mediterranean.

"There's been a tremendous amount of interest and what's been most interesting is how serious most of those responses have been," he said yesterday.

"I've had several sales from all sorts of areas, but mostly people who run their own companies or are senior partners in law and accountancy firms."

Millionaires who balk at the £4.5m price tag can take something a little smaller, starting at £800,000, furnishings included. Maintenance is an extra 5 per cent per annum. A press launch at the Dorchester Ho-

tel in Park Lane, central London today, aims to confirm the luxury image.

The liner is the brainchild of Knut Kloster Jr, a member of the Norwegian family which is credited with starting the holiday cruise industry in the 1960s.

The £500m (nearly £300m) scheme needs bookings in the bag to proceed. But it is understood that

nearly a fifth of the 250 apartments have been sold and the project is close to go-ahead.

Three ship yards, thought to be in Finland, France and Germany, are in the running for the business and a contract is set to be sealed in the next couple of months, with delivery in time for the Millennium.

The only cloud on the horizon is a scheme by Mr Kloster's father for

the world's biggest passenger ship. After 10 years in planning, the *Phoenix* is yet to rise.

One cruise industry insider said the failure of the *Phoenix* meant there was a certain scepticism as to whether the *World* could succeed.

But he added: "It could happen. The Klosters have got a good track record in cruises. They are not he scooped at."

Rush for Oasis: know what I mean?

Agnès Séverin

No maybe about it. The Gallagher brothers' new single is definitely heading for number one in the charts.

Released yesterday, the new Oasis single, "D'You Know What I Mean", has already sold thousands of copies, with some fans even beginning to queue on Sunday night to take advantage of a special midnight opening at 20 HMV stores.

In the Mancunian band's home town, 200 fans queued outside the HMV store, and a similar number did the same in Nottingham to enable them to buy a copy at the first opportunity. Mark Fletcher, manager of the Nottingham store, said several hundred people crowded into his shop during a 45-minute period to be the first owner of the record. "It's definitely outdone our expectations and is certain to do very well," he said. "The publicity surrounding the new record has created a lot of awareness for the new album too which is due out in mid-August. Now our plan is to do this again and open at midnight for the album."

HMV anticipates selling 100,000 copies before the end of the week. "Every other single that is being bought is an Oasis single," said a spokesman.

A spokesman for the Virgin Megastore, in central London, said about 1,000 copies had already been sold, and he added: "We expect to sell 10,000 by the end of the week." The total figure for the chain's 76 UK stores would be about 50,000, he said.

Two other Virgin stores - in Aberdeen and Norwich - also opened at midnight. In Norwich, 326 copies were sold within 20 minutes.

Tower Records, in Piccadilly, had sold 323 copies of the single by mid-afternoon yesterday. "This is more than the number of singles we would sell for a whole weekend," said the head of the singles department. "Such sales are really unusual. Singles are not sold like that. People are used to waiting for the album to be released."

A spokesman for Tower Records said: "We expect to sell 1,500 copies by the end of the week. Oasis's single is already number one of our chart. It will be number one in the national chart next week."

Leading article, page 15



An RSPCA officer carries away Paula the eagle owl yesterday

Photograph: Kalpesh Lathiga

Freedom proves fatal to eagle owl of St Paul's

Rachel Woollett

An escaped eagle owl which had been nesting in the roof of St Paul's Cathedral for the last two weeks was found dead by the Royal Society for the Prevention of Cruelty to Animals yesterday.

The bird, affectionately known as Paula, was spotted by a visitor, and later found lying below its usual perch by Inspector Lee Hoppood.

RSPCA officer for Westminster and Camden.

The cause of death has not been established, but foul play is not suspected. Mr Hoppood said: "It definitely looked underweight. There were no visible signs of harm." The body has been taken to London Zoo for a post-mortem examination.

Mr Hoppood had followed Paula's progress over the last 18 months, as sightings were

made of a bird of prey in Regent's Park and Camden. It is believed to have escaped from captivity, as eagle owls are not native to Britain.

Paula had been feeding on pigeons nesting around St Paul's and appeared to be in perfect health when sighted last Friday.

Mr Hoppood said: "It's a real shame. I hoped this bird would fare well out of captivity, but obviously not."

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Byron heritage gets a sinking feeling

Stephen Goodwin
Heritage Correspondent

"That antique house", as Lord Byron called Newstead Abbey, his family home, may soon be trembling with more than the tread of the Romantic poet's recreational fans. More than a million tons of coal is to be extracted from beneath the building and its foundations are expected to drop by at least a foot.

Newstead, eight miles north of Nottingham, is a mining village and the plan by Midland Mining to work a 600m seam half-a-mile beneath the abbey will safeguard 500 jobs.

But the company's assur-



ances that the poet's ancient home will not suddenly slump into a crater and that any cracking will be made good, has cut too ice with the Byron Society or conservationists.

"We can hardly believe anyone could contemplate such a thing,"

said Ken Purslow, chairman of the abbey's 200-strong branch of the society. "Byron fans all over the world will be outraged when they hear of this."

Mr Purslow yesterday wrote to Chris Smith, the Secretary of State for National Heritage,

urging him to intervene and somehow stop any digging below the abbey, parts of which are 800-years-old. But it is difficult to see how he can. The company owns the mineral rights and no planning permission is required for the work.

Nottingham City Council, which owns the Grade I listed building and its surrounding parkland has opted for a pragmatic course. "Since there is nothing we can do about it in law, we are concerned to work with the company and make sure

that anything that needs to be shored up in advance," it said. Newstead attracts 35,000 visitors a year, including scholars wishing to study its unrivalled collection of the poet's manuscripts and letters. The abbey dates back to the 12th century

when it was founded by Henry II as an Augustinian priory. It was converted into a house by Sir Byron in 1540, but by the time the ill-starred lover, the 6th baron, inherited Newstead in 1798 it had fallen into disrepair - though the ghostly halls and

Shaky foundations: Fans of Lord Byron (above) are angry at plans to mine his former home at Newstead Abbey. Photograph: Doug Marke

the sense of decay seemed to appeal to his melancholy nature. Debts forced him to sell the family home in 1818 and it eventually passed to Nottingham City Council in 1931. The Annesley-Benrick colliery, where the coal will be mined from, dates back to 1860. Doug Williams, Midland Mining's surveying and environmental engineer, said coal was extracted from a shallower seam beneath the abbey in the 1920s.

BBC cuts a fifth of producer budgets

Paul McCann
Media Correspondent

The BBC will confirm to Parliament today that it is to cut 20 per cent from its programme-making costs after having to defend pay increases of up to 40 per cent for its senior directors.

Broadcasting unions have already warned that the pay rises will jeopardise the willingness of BBC staff to co-operate with the cutbacks.

The corporation will say in its annual report to Parliament that it plans to cut its programme-making costs by a fifth over the next five years by using new technologies to replace staff. But because of a tactical blunder the BBC had to defend its leaked pay settlement for directors - which included a £55,000 increase to £354,000 a year for director-general John Birt - by giving the press the salaries of chief executives in commercial media companies.

Gerry Morrissey, chief negotiator for the joint unions at the BBC, said the rises would be greatly resented by the BBC's 22,000 staff who accepted a 2.8 per cent rise last week. "This will have a major repercussion for the savings they want to make in the future. The staff will see that there is no point making the next round of savings if they are being used to fund pay increases for the directors."

The broadcaster achieved 30 per cent cuts in its management and administration departments over the past three years and announced last year that it would be turning its attention to programme-making. Around 2,500 jobs have al-

ready gone over the last three years, according to broadcasting unions. They believe the savings will come by reducing the budgets for programmes by 5 per cent a year, and by replacing permanent staff with casual and freelance workers.

The biggest pay increase was for Ronald Neil, chief executive of the BBC's production division, who reportedly saw his pay and pension package rise by 39 per cent to £226,000. Will Wyatt, chief executive of BBC Broadcast, received a 27 per cent rise to £240,000.

"We went at it scientifically," said Sir Christopher Bland, chairman of the BBC board of governors and head of the executive remuneration committee. "BBC policy is to pay in line with the market. There would be very few people in the BBC who couldn't move for more money, and that applies to the top, middle and bottom." He said the pay rises were in "lower quartile" of the industry.

Sir Christopher listed the salaries of Channel 4 chief executive Michael Grade, who received £464,000 last year, Greg Dyke, chief executive of Pearson Television, who received £400,000 and Nigel Walsley, chairman of Carlton Television who received £364,000 to justify Mr Birt's rise.

The lighter side of Gordon Brown is to be given an airing in two new "By-on the wall" television documentaries. Featuring the Chancellor during the election campaign and his first weeks in the Treasury, ITV says Mr Brown comes across as warm, funny and emotional. *Network First: Out of the Shadows* and *We Are The Treasury* are due to be screened in the autumn.



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DAILY POEM

New lullaby
By Martyn Crucefix

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and we lay him in the dark
only to sail out once in a while, transmitted to a second room

a sigh and hush-hush
of bedclothes that to us
is some fabulous beast
stirred towards a dream

till a glimpse of back,
rolling half above, below waves,
then risen, dripping,
with the deep still upon him,
a squealing that wants a touch,
a voice, intuitive,
calming some colt or dog
or little bird and fainting back

into the old whale song
ground out, tidal, original,
shurred and drawing up
every ounce of unsleep out of limbs, gathered slowly to a point
and let go as he slips

diver yet to come to our hands.

The first and last sections - "Ante" and "Post" - of Martyn Crucefix's new collection, *A Madder Ghost*, concern the birth and infancy of the poet's son, Thomas. *A Madder Ghost* is published, price £7.95, by Enitharmon Press at 36 St George's Avenue, London N7 0HD.

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politics

Government to have its hand in every school

Lucy Ward
Education Correspondent

The Government and local authorities will get unprecedented powers to drive out failure in schools under proposals in a White Paper aimed at levelling up national educational standards.

Excellence in Schools, published yesterday under the banner of "zero tolerance of failure", paves the way for a school system in which tough improvement targets will be set at every level, from the Government through local authorities and schools down to individual teachers.

Where those targets are not met, the paper provides for a series of penalties intended to guarantee improvement. Sanctions include the rapid sacking of bad teachers, closure of failing schools and the suspension of powers of education authorities.

Parents will also play a role in the standards crusade, underpinned by compulsory home-school contracts which will set out the rights and responsibilities of schools, parents and pupils, including stipulations on homework.

Local authorities will play a far more significant role than they did under the Conservatives in monitoring standards in their schools and providing advice and support. LEAs will gain the power to take back control of funds or appoint extra governors if a weak school fails to heed "early warnings", without the need to wait for a "failure" verdict from inspectors.

However, authorities' "education development plans", drawn up in conjunction with schools, will be subject to approval by the Secretary of State for Education and Employment. The new proposals would also allow the Government for the first time to force an LEA to close a failing school.

The hand of government will stretch right inside the classroom, where schools will be required to set pupils by ability unless they can prove they use an effective alternative approach and, in the case of primaries, set aside an hour a day for teaching the three Rs. The stress on tar-

get-setting to raise standards, backed up by a combination of pressure and support, forms the heart of a White Paper which also sets out steps to increase parents' involvement in the standards crusade.

"Parents are a child's first and enduring teachers" who play a "crucial role in helping their children learn," says the paper, which will be distributed in simplified form in supermarkets. It proposes more family learning schemes, under which parents with poor literacy and numeracy are encouraged to improve their own skills to allow them to help their children.

All schools will also have to draw up a home-school contract to reflect the responsibilities of school, parents and pupils over issues such as standards, discipline, attendance and homework. Though the agreements will not be legally binding - a potential minefield for schools - they are intended to be "powerful statements of intent". The White Paper also makes clear the Government's concern that the present level of exclusions is too high, and outlines plans to consult on new guidance for schools.

Ministers were quick to stress that new responsibilities for authorities in monitoring and enforcing standards did not detract from the role of the schools watchdog, Ofsted, which will continue to inspect schools at least every six years and will begin inspecting LEAs.

However, a series of proposed reforms would see schools given just two terms' notice of inspection instead of five - saving time wasted on lengthy preparation, and introduce an appeals process for schools unhappy with their report.

Other measures unveiled in the White Paper include moves to improve training of teachers and heads, and the setting up of a General Teaching Council to regulate and promote the profession. The paper also sets the seal on established government policies, including cutting infant class sizes to no more than 30 and abolishing grant-maintained status in favour of a new framework encompassing community, aided and foundation schools.

Analysis, page 16



Guiding hand: The Government plans to play a far more interventionist role in the classroom

Photograph: Brian Harris

Minister fails to register interest in shares

Anthony Davies
Political Editor

Lord Simon, Minister for Competitiveness in Europe, has failed to declare his £2m shareholding in BP in the *Members' Interests Register*.

The former chairman of BP who joined the Government and took a peerage in May has come under strong opposition attack for a possible conflict of interest between his continuing stake in the oil giant and his new responsibilities at the Department of Trade and Industry.

Maintaining the attack yesterday, John Redwood, shadow President of the Board of Trade, said: "The judicial office of the House of Lords has today confirmed that on 20 May, Lord Simon returned his form to the Register of Members' Interests with no entries. Why did Lord Simon judge it unnecessary to register his £2m of BP shares?"

Mr Redwood was told at the weekend by Margaret Beckett, President of the Board of Trade, that Lord Simon had put the generalities of his share portfolio into a "blind trust", the formal means used by ministers to divest themselves of direct control over, or active interest in, their shareholdings.

It was also disclosed that Whitehall had erected an internal exclusion zone, to keep Lord Simon away from any decisions or papers relating to the oil industry - but he was keeping his £2m shareholding in BP while undertaking not to trade in them before the end of the year.

Ministers were unable to provide answers to Mr Redwood's Commons questions about Lord Simon's position last week, and the shadow spokesman said yesterday: "The chaos at the DTI over Lord Simon's financial interests needs to be cleared up now."

He has tabled further Commons questions, asking when it was decided to block Lord Simon's involvement in matters relating to BP when Mrs Beckett first knew of that block and when the DTI was informed.

The attack on Lord Simon was broadened yesterday by Greenpeace, who wrote to the new minister asking him whether he believed - as Minister for Competitiveness in Europe - that subsidies to the oil industry should be wound up.

Chris Rose, deputy executive director of Greenpeace, wrote: "There is a contradiction at the heart of Government policy - exploring for more oil while calling for less emissions from fossil fuels. We hope that there is not also a personal contradiction, with a government minister having a major personal stake in the oil industry, and relevant governmental responsibilities."

Mr Rose told *The Independent* that when Lord Simon had been appointed, Greenpeace had been given the impression that it was all "squeaky clean". He added that the minister "obviously does have a continuing interest".

"In terms of public trust, the Government is sailing close to the wind when it makes an appointment like that."

12-year-old mother's dream

Jeremy Laurence
Health Editor

Britain's youngest mother promised yesterday that she would raise her daughter not to make the same mistake she had. Her pledge came as the health minister, Tessa Jowell, declared that reducing teenage pregnancies would be at the centre of a new government drive to reduce the health gap between rich and poor.

Jenny Teague, 12, from Poole, Dorset, whose father is unemployed, did not realise she was going to have a baby until she was eight months pregnant after one night of experimental sex with a 13-year-old boy. Posing for pictures with her daughter, Sasha, now three months old, she said: "My one big dream is to be old."

er. I am too young to have a baby.

Yesterday, Ms Jowell, launching the Government's public health strategy, said that stopping teenage pregnancies was a way of breaking the cycle of inequality. "It is all too likely to be a cause as well as a symptom of poor education, unemployment and social exclusion. If a healthy school can keep a child from following her mother by getting pregnant at 17 she has a better chance of getting qualifications, getting a job, breaking out of the loop."

Ms Jowell, Britain's first minister of public health, announced plans at a London conference to promote healthy schools and workplaces, to devise new health targets, an independent review of health inequalities and a Green Paper

in the autumn setting out the Government's strategy.

She was joined by Estelle Morris, education minister, and Michael Meacher, environment minister, to demonstrate the Government's determination to incorporate all departments in the strategy.

Ms Jowell said deprivation and inequality were blots on society and there were many examples of how the social divide damaged health. The death rates for men in social class V were three times those of social class I, and children in social class V were five times more likely to die in an accident than those in social class I.

Employers will also be targeted to improve health at work and reduce the 187 million days lost in sickness absence which cost industry £1.2bn a year.



Jenny Teague: 'Too young'

Champion of justice could run home affairs watchdog

Colin Brown
Chief Political Correspondent

There was growing speculation in Westminster yesterday that Chris Mullin, who successfully campaigned for the release of the Birmingham Six and the Guildford Four, could become the next chairman of the cross-party Commons select committee on home affairs.

Mr Mullin, who lists justice among his special interests, would give the committee a challenging role in defending human rights, and questioning law and order initiatives by Jack Straw, the Home Secretary. A former editor of *Tribune*, Mr Mullin has earned widespread respect for his success-

ful campaigns. In spite of being an irritant with the establishment in the past, he was given the parliamentary accolade of being invited by the Government to make one of the two royal addresses to the Queen's Speech on the State Opening of Parliament.

His victory in Sunderland South was the first result to be declared on election night and the swing pointed to Labour's landslide. His reputation for challenging the establishment could cause doubts in the Labour whip's office, but they are supposed not to have a hand in the selection of the chairman of the select committees, which is carried out by the members, who have yet to be appointed.

Gerald Kaufman, who made the other royal address to the Queen's Speech, is expected to retain the chairmanship of the National Heritage Committee, which is likely to look into the development of the Royal Opera House as one of its priorities. His report on the need to aid the film industry was rejected by the Tory government, but it was acted upon in the Budget by Gordon Brown.

Geoffrey Johnson Smith, a widely respected senior Tory backbencher, was being tipped to take over the chairmanship of the Public Accounts Committee, the public spending watchdog, which by tradition will go to a Tory chairman under a Labour government.

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Prisons crisis forces rethink on tagging

Patricia Wynn Davies
Legal Affairs Editor

The prison overcrowding crisis has forced Home Office ministers to consider a massive early-release programme for non-violent prisoners, on condition they wear electronic tags. Up to 4,000 inmates could be freed under the proposal, although the Government would begin with pilot schemes in selected areas before taking any decision to extend it nationally.

Three trial tagging schemes exist in Norfolk, Manchester and Reading, involving 461 offenders, where electronic surveillance is used to back court-imposed curfew orders. The prospect of expanding use of the devices as a condition of early release of criminals in prison comes in the week when the jail population hits 62,000.

Labour was always lukewarm about tagging when in opposition. But with numbers rising by 250 a week, unless urgent measures are taken, a new 1,000-capacity jail would be required each month, costing £90m to build and £20m a year to run.

Harry Fletcher, assistant general secretary of the National Association of Probation Offi-

cers, said: "The point will be reached soon where the Home Office can no longer build prisons as a solution to the problem."

Tagging as a community penalty had proved expensive and did not help with rehabilitation, he said. "The easiest solution... would be to advise the courts to make greater use of community sentences."

Nearly a decade ago, a prison overcrowding crisis prompted the then home secretary, Douglas Hurd, to free 2,500 non-violent prisoners before their due release dates. Early release coupled with electronic monitoring would provide Jack Straw, the Home Secretary, with a way through the current predicament without appearing too "soft" on criminals.

The original tagging technology was fraught with difficulties but the teething problems have been ironed out. A new "super-tag" now exists, the size of a large watch but weighing just 21 grams, which the offender wears round the ankle or wrist.

Charles Rose, chief executive of Geografix, which runs the Norfolk pilot, said: "It has worked extremely well." Of the 119 offenders tagged under the Norfolk scheme, only eight had

had to be returned to court for re-sentencing, he said.

Paul Cavadino, principal officer of the National Association for the Care and Resettlement of Offenders, said: "This would be a more sensible use of electronic tagging than those tried so far. However, post-release supervision by probation officers and other conditions of release are more likely than tagging to reduce reoffending. They would also be a more realistic option for the many prisoners without family homes or other stable accommodation."

Tagging would still work out more expensive than probation or parole - almost £4,000 per offender per full year, compared with £2,500 for supervision by a probation officer. But it compares favourably with the £24,000 it costs to keep a person in prison for a year.

Mary Honeyball, general secretary of the Association of Chief Officers of Probation, said: "Tagging has always made more sense as a monitoring system for more serious offenders than as a punishment or deterrent for low-level offenders. But she added: "This could be a good way of reducing the pressure on the prison system."

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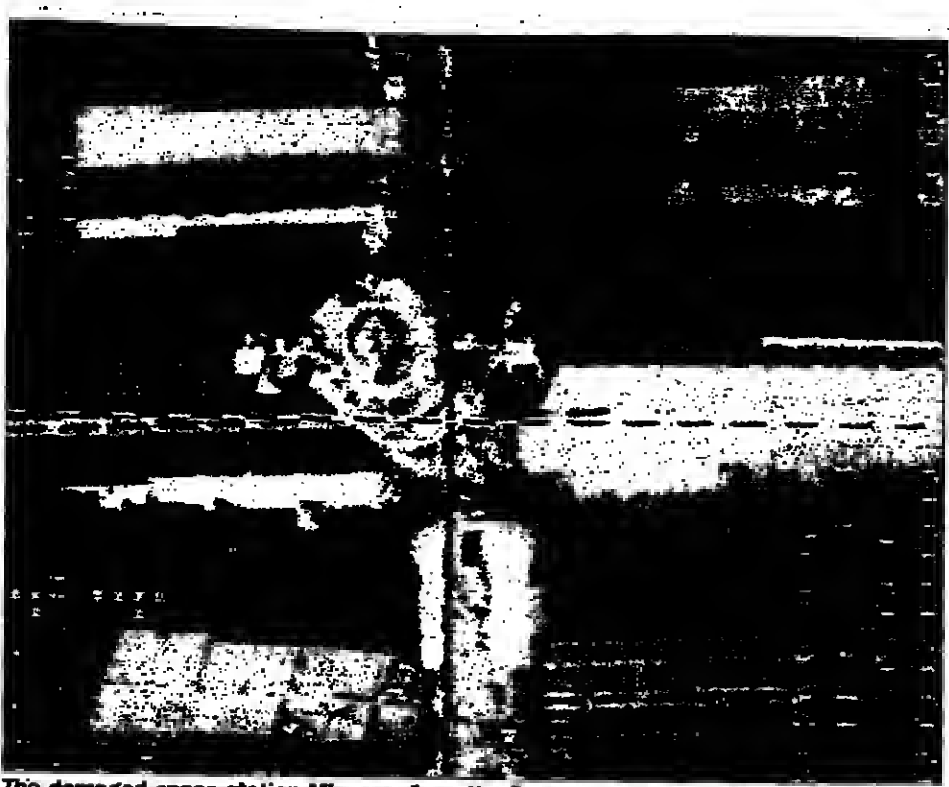
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Minister fails to register interest in shares

Anthony Stevens



The damaged space station Mir seen from the Progress craft as it approached to make a successful docking yesterday, bringing fresh supplies

Charles Arthur
Science Editor

The first scientific data began to emerge from the Pathfinder mission to Mars yesterday after the rover, Sojourner, made an extended drive - all of 30 centimetres - away from its lander base.

The rover began by using its onboard X-ray spectrometer to examine the powdery red soil at the base of its ramp early on Monday morning. It was then driven to a pockmarked rock which Earthbound controllers have dubbed "Barnacle Bill", where the chemical examination of the rocks and soil around the lander can begin in earnest.

The tiny journey, controlled by a team 119 million miles away, demonstrated that the rover was working perfectly after its parent spacecraft's 600mph landing on Friday, and the resetting of its computers when at first it failed to function, at the weekend.

The Sojourner sent back a signal confirming it had made contact with the rock, which it then examined for 10 hours. The data was due to be downloaded to scientists at NASA, the US space agency, last night.

The rover's spectrometer generates alpha-particle radiation with which it bombards small areas of rocks or soil. It then looks for the patterns and types of particles that are bounced back. Each element

generates a unique pattern of "bounced" particles, letting scientists build up a picture of the mineral constituents of any object. The analysis of various rocks is intended to go on all week, and the rover can stay in contact with the lander, which communicates with Earth, for a distance of up to 300 feet.

The mission is being followed by people world-wide. NASA has set up Internet sites able to handle more than 60 million accesses, or "hits", every day. Over the weekend, from Friday to Sunday, there were more than 100 million hits - suggesting that this will become the biggest Internet event ever.

The pictures sent back by the Pathfinder lander show a harsh landscape that bears unmistakable signs of ancient water activity - a basic requirement for life. "Mars may even be more water-rich than Earth is. We really don't know," said Matthew Golombek, one of the project scientists.

The flood that long ago created the *Ares Vallis* plain, the Pathfinder landing site, appears to have carried rocks from the planet's highlands and deposited them in the area, he added. Those are the rocks that Sojourner is now examining: after Barnacle Bill, the next will be a larger one dubbed Yogi.

Even tiny details proved useful: the first few centimetres of Sojourner's wheel tracks were enough to tell the avid NASA sci-

entists that the landing site is covered in floury dust that appears to lie above a harder layer.

The British day roughly coincides with the Martian night, when the rover and lander shut

down to conserve battery power, waiting to recharge when the sun rises. Daytime temperatures have varied from -18C to -31.7C.

The search for traces of water

is part of the search for signs of where life might have existed - or could exist hidden today. But those questions won't be answered until NASA returns to Mars with more sophisticated instruments capable of probing beneath the surface.

The three astronauts on board the damaged *Mir* space station will today begin unloading fresh supplies, including oxygen, food,

water, toothpaste and tools, from a Russian cargo vessel which docked safely yesterday. The tools are needed to repair the *Mir*'s Spektr module, which was damaged in a collision with

another cargo vessel on 25 June. However, the spacewalk needed to carry out the repairs will probably not be carried out until 18 July.

Letters, page 15

First contact: Aid reaches Mir while Sojourner gets to grips with geology on Mars



Alien vista: A view of the Mars landing site, where the rover Sojourner yesterday moved 30 centimetres to make a 10-hour examination of the rock dubbed Barnacle Bill

Photograph: AP

Royal Opera to hit the big screen



Productions such as Wagner's *Das Rheingold* may go live to cinemas

David Lister
Arts News Editor

Opera and ballet performances are to be relayed to cinemas in multiplexes throughout the country under a plan being prepared by the Royal Opera House.

But this, allied to plans to hold screenings in parks and stately homes, may not be enough to satisfy Chris Smith, Secretary of State for National Heritage, who has demanded that the opera house increase access to its performances and become "the people's opera".

The radical move - it would be the first time live opera has been shown on cinema screens across the United Kingdom - will not alter the fact that actual reductions in seat prices at Covent Garden itself remain far from certain.

When the opera house re-opens after rebuilding work, in 1999, both the main house and the new studio theatre will be fitted with remote control cameras and equipment for satellite links to facilitate live relays.

The opera house management has already held private talks with cinema distribution companies about showing first-night relays at city-centre cinemas.

Although there have been reports that the opera house management, chaired by Lord Chadlington, is considering reducing seat prices, this remains far from certain. Options of low-price Sunday and weekday mat-

inees are being considered, but Keith Cooper, head of corporate affairs, warned yesterday: "No one seems to have quite made the connection between a reduction in ticket prices and an increase in subsidy."

The management believes Mr Smith will have to accept this solution to the accessibility problem as the Secretary of State has called publicly for more British product in British multiplexes, and film relays will allow people outside London to enjoy Royal Opera and Royal Ballet performances.

Reductions in ticket prices would only help people in the home counties, as the two companies still have no plans to tour when the Royal Opera House re-opens, unless they receive an increase in Arts Council funding, Mr Cooper confirmed.

Asked about the multiplex plan, he said: "The re-opening in 1999 is a good thing to hook this on... It's technically very simple."

"We will have to find a sponsor and we will have to sort out the question of payments to artists... But already the cinema chains are very interested. They have smaller cinemas in their multiplexes, and they too are looking to attract different sorts of audiences."

He added that the relays could also apply to any popular productions that were sold out. Ballet, in particular, would benefit from big-screen treatment, he said, as television rarely did it justice.

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BA4000-4199	BA6700-6749	BA8000-8199	BA8700-8839	

- The following specific flights to and from London will also operate as normal during this period:

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	BA299/BA298		BA007/BA008	Houston	BA2225/BA2224
New York	BA175/BA174	Hong Kong	BA027/BA028	Pittsburgh	BA2199/BA2198
	BA179/BA176		BA029/BA030	Tampa	BA4517/BA4516
	BA001/BA004			Antigua & Grenada	BA2253/BA2252
	BA003/BA002	Hong Kong & Taipei	BA025/BA026	Barbados & St. Lucia	BA2255/BA2254
Boston	BA215/BA214	Hong Kong & Manila	BA031/BA032	Barbados	BA2257/BA2256
	BA213/BA212			Nassau & Grand Cayman	BA4505/BA4504
Los Angeles	BA269/BA268	Bangkok, Sydney & Melbourne	BA009/BA010	Buenos Aires	BA2267/BA2266
	BA279/BA278	Bangkok, Sydney & Brisbane	BA009/BA010	Sao Paulo & Rio de Janeiro	BA2245/BA2244
	BA283/BA282	Singapore & Perth	BA011/BA012	Nairobi & Entebbe	BA2069/BA2068
Johannesburg & Durban	BA055/BA054			Nairobi & Dar Es Salaam	BA2069/BA2068
Johannesburg & Gaborone	BA055/BA054			Nairobi	BA2069/BA2068
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Approximately a quarter of services will be operating as normal.					

For further information on European services to and from London Heathrow and flights not listed above, either:

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Mexico votes for new dawn of democracy

Phil Davison
Mexico City

After almost 70 years in firm control, Mexico's mighty Institutional Revolutionary Party (PRI) suffered dramatic setbacks in city, state and parliamentary elections on Sunday to both the left-wing, and conservative, opposition.

The PRI lost Mexico City for the first time, to the social democrat Cuauhtémoc Cárdenas, and appeared to have lost its majority in the Chamber of Deputies, traditionally a rubber-stamp for the President.

With only a quarter of the 128 Senate seats at stake, the PRI, which has won the presidency since the party was founded in 1929, retained control of the upper house. But it also appeared to have lost two of the six state governorships at stake to the conservative National Action Party (PAN).

With most results in, the PRI, which grew out of the 1910-17 revolution, had won only 36 per cent of the nationwide vote for the 500-seat lower house and only 25 per cent in the race for mayor of the capital. In the latter, a hotbed of discontent over the economic crisis which began in 1994, Mr Cárdenas swept into the nation's second most powerful job with about 46 per cent of the vote.

The PAN was scoring about 28 per cent nationwide and Mr Cárdenas's Party of the Democratic Revolution (PRD) 26 per cent. The PRI has always held the presidency. It long held all 31 states but, increasingly unable to perpetrate its traditional fraud, it now appears to have lost a total of six of the 32 states to the PAN over the past decade.

"The new epoch," said the headline to a front page editorial by Nobel prize-winning author Octavio Paz in yesterday's daily *Reforma*. "Yesterday, Mex-

Ruling party left in disarray as polls loosen grip on power after 70 years

ico awoke to a new reality - democracy," said another editorial in the same paper. "Change is in the air and it was high time," commented the English-language *Mexico City Times*.

The elections appeared to be the cleanest and most peaceful in Mexican history. In an unprecedented atmosphere of respect among the major parties, President Ernesto Zedillo, whose six-year term ends in 2000, offered "sincere congratulations" to Mr Cárdenas and promised co-operation between the federal government and Mexico City's new administration.

Both Mr Cárdenas and likely PAN candidate Vicente Fox, governor of the state of Guanajuato, both now appear to have a respectable shot at the presidency in 2000. The PRI, which has long controlled not only government but the military, police, judiciary, trade unions and peasant groups through a web of patronage and coercion, is in disarray.

Some analysts fear its crumbling could trigger renewed internal warfare between its traditional "dinosaurs", the old guard, and the younger and more open-minded "babysaurs", including President Zedillo, who realise the party must make concessions towards full democracy. Some even fear military intervention - the generals have always been close to the ruling party - if the moderates make too many concessions.

A few analysts expressed a certain cynicism over Mr Cárdenas's victory, saying the PRI appeared to have almost let him win. According to their theory,

the ruling party believes a certain popularity for Mr Cárdenas will help offset the growing PAN threat. In addition, with the federal government controlling the capital city's budget and the President allowed to name the city's police chief, the hands of the new mayor, who takes office in December, will be tied.

In his editorial, Octavio Paz warned that if Mr Zedillo and Mr Cárdenas do not co-operate, Mexico City, with its population of 20 million and growing, "could become a source of political instability. And we know that instability borders on two twin dangers that can ruin a democracy - anarchy and force."



Power to the people: Supporters of Cuauhtémoc Cárdenas, a left winger, celebrate his election as mayor of Mexico City

Photograph: Reuters

An old name returns to rule a tough city

Joy on the streets as a populist overturns the corrupt old guard

Phil Davison

The last time a man called Cuauhtémoc fought for Mexico City was almost 500 years ago. He was emperor of the Aztecs and his opponent was a Spaniard called Cortés.

Yesterday there was no bloodshed, only noisy celebrations, as the populist politician Cuauhtémoc Cárdenas, named after the emperor, won the capital from the ruling Institutional Revolutionary Party (PRI) for the first time.

Mr Cárdenas, 63, becomes the first elected mayor of Mexico City in 70 years, making him the second most powerful man in the country after President Ernesto Zedillo, and providing him with a stepping stone for a presidential bid in 2000. After

until he broke away 16 years ago, out of disgust over the party's lack of democratic ideals.

"Cuauhtémoc, Cuauhtémoc," supporters chanted as hundreds of taxis drove in convoy around the square until snarling themselves in a huge traffic jam.

Mr Cárdenas, widely known as *el ingeniero* because of his civil engineering degree, sees the job as mayor as a step towards emulating his father, General Lázaro Cárdenas, PRI President of Mexico from 1934-40, and Mexico's most popular President this century because of his land reform and nationalisations.

Proud of his part-Indian heritage, General Cárdenas named his son after the emperor who fought Cortés in 1521. Cuauhtémoc ran for president in 1988; he and most Mexicans believe he won but was robbed through fraud. His opponents say a future Cárdenas presidency would end in populist measures and economic ruin but Mr Cárdenas has tried to calm investors with trips to the US and an about-turn on his earlier rejection of the North America Free Trade Agreement (Nafta).

A change in image from his dour, wooden approach to an almost Blair-style campaign of flashing teeth - coupled with public disillusionment with the country's economic crisis - gave him a landslide victory over the PRI and the conservative National Action Party (PAN) in Sunday's vote.

It may be the second most powerful post in the country, but being mayor of this violent, smog-ridden capital could also be political quicksand. If he runs for President, Mr Cárdenas will be mayor for only 20 months and PRI militants may do all they can to compound his city problems and thereby scupper his presidential bid.

Corruption among the police and a lack of security will be the new mayor's priorities, along with industrial and vehicle pollution, public transport in a city of more than 20 million and inadequate water supplies.



Cárdenas: Poised to challenge for the presidency in 2000

the PRI conceded defeat on Sunday night, a triumphant Mr Cárdenas greeted supporters of his left-of-centre Party of the Democratic Revolution (PRD) outside the mayor's office on the Zócalo, the capital's huge main square, only a stone's throw from the site of the Aztec emperor's defeat by Cortés. The night erupted into an orgy of fireworks, balloons and mariachi bands.

"This is a triumph for the people, a triumph for those of us who kept fighting for democracy," said Mr Cárdenas, son of a revered former president from the PRI and himself a PRI-ista

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Senate sets out to trace Clinton cash

Mary Dejevsky
Washington

A Senate investigation that has the potential to disgrace President Bill Clinton and blight Vice-President Al Gore's chances of the presidency three years from now opens today, after six months of charges and counter-charges about dubious practices in last year's presidential election campaign.

Chaired by Senator Fred Thompson, the chief Republican counsel in the Senate hearings into America's last great political scandal, Watergate, the committee will ask essentially the same question: "What did the President know, and when did he know it?"

This time, the purpose is not to get to the bottom of a specific crime but to track the source of millions of dollars that found

their way into the campaign coffers - primarily, but not exclusively, of the Democrats - during the last election campaign. The question is not whether the fund-raising rules were broken - that is clear - but whether the interests of the state were subverted.

More than 200 witnesses have been called and the questioning is expected to focus on three areas. How far did the President

and/or his Vice-President know of, co-operate with or even mastermind illegal fund-raising? Was money accepted from foreigners despite rules banning foreign donations, and did Clinton or any other foreign power try to buy political influence?

The cast includes several Asian-Americans and Arkansas associates of the Clintons: Charlie Trie, a former restaurateur in Mr Clinton's home state of

Arkansas; John Huang, a one-time Arkansas bank employee who joined the Democratic National Committee as a star fundraiser via the US Commerce Department; James Riady, a senior executive of the Indonesian Lippo banking group, and Roger Tamraz, a Lebanese-American businessman who wanted US support for a Caspian oil pipeline project.

Among the allegations is the celebrated charge that overnight stays in the White House Lincoln bedroom or flights on the presidential plane, Air Force One, could be bought in return for big donations to the Democrats. Others include the use of White House telephones to solicit campaign contributions (misusing federal property for party political purposes) and Mr Gore's presence at the dedication of a Buddhist temple in

California, perhaps in return for a large political contribution. More serious charges, which will be far more difficult to establish, allege the filtering of millions of dollars from Asian companies into the Democrat campaign and the suggestion that Mr Huang abused his top-level security clearance.

Key witnesses, moreover, are evaporating. Charlie Trie is in Shanghai and is said to have no

intention of returning to the US. Roger Tamraz is in detention in Georgia (Transcaucasia, not the US) and James Riady is also abroad. John Huang says he will invoke the Fifth Amendment and several Washington-based witnesses are said to have demanded immunity from prosecution if they are to testify. There is also pressure for Mr Clinton or Mr Gore to appear, but their presence is unlikely.

US stands firm on limiting new Nato members to three

Few have any compunction about describing the Nato summit that opens today in Madrid as "historic". A senior aide to President Bill Clinton described it last week as "a watershed event in the post-war history of Europe".

Barring unforeseen hitches, the summit will end with invitations to three aspiring allies - the Czech Republic, Hungary and Poland - to join what is acknowledged to be "the most successful military alliance ever". The structure of the alliance will also be tweaked in recognition of European demands for more autonomy within Nato: European Nato members want to mount their own joint military operations with American know-how, but without American manpower.

All that, within bounds, has been agreed. Despite this, however, and some very hard work by negotiators in the past 10 days, the summit will not be the harmonious celebration of the West's Cold War victory, nor the uncontested rubber-stamping of new members and new methods that some had hoped for.

The US President, who arrived in Madrid yesterday, finds himself in the unaccustomed role of mediator. He will be mediating, moreover, between two groups who barely recognise the other's existence: Europe's out-and-out advocates of Nato expansion, and an increasingly vocal section in the US that opposes the whole idea of Nato expansion. Trying to steer between these two extremes, the US administration has decided that only the Czech Republic, Hungary and Poland should be invited to join in the first wave.

A majority of European allies - notably France and Spain, but not Britain - believe at least five countries should be admitted, including Slovenia and Romania.

Madrid summit will see some tough bargaining, writes Mary Dejevsky

When Mr Clinton came out in favour of restricting admission to three even before the question had been discussed at Madrid, they accused the US of behaving as though Nato was its preserve.

Washington backtracked a little on the detail, but not on the substance. Officials insisted nothing would be finally decided until Madrid, where they expected "full and frank" discussions. They stressed their support for Nato's "ever open door", reiterating that failure this time did not mean rejection for good, and offered some friendly diplomatic gestures



Clinton: Will have to mediate

towards the Baltic states. However, US officials also said Washington's stance remained firm and the signs from Paris, which had spearheaded the short-lived revolt, were that France was already in retreat.

The dispute and the impression created in Europe of "hegemonistic" US behaviour, however, were clearly a cause for concern to Washington as the summit approached. Five senior officials were put up for

questioning by the media to explain the US position.

Led by Sandy Berger, the National Security Adviser, they argued that the essentials for Nato membership were "irreversible" democratic and market reforms, political control of the armed forces, progress in relations with neighbouring countries, and the will and capacity not just to accept the benefits of Nato membership, but also its military obligations. In other words, they would have to help pay to upgrade their armed forces.

Mr Berger and the others commended Romania for its progress over the past year, but said evidence of the "irreversibility" of its reforms and of political control over the military was not complete. Arguments against Slovene membership were more difficult to marshal.

Officially, there is concern about the capacity of Slovenia's armed forces to fulfil Nato obligations; the state of relations with its neighbours is also cited, although Slovenia's non-membership leaves Hungary geographically detached from the other allies.

Unofficially, the US side expresses sympathy for Slovenia, but hints that a pact between France and Germany under which they would support both or neither, left the US without the option of backing Slovenia.

For the moment, US officials believe emotional support, especially for Poland and the Czech Republic, derived largely from the sense that they were betrayed at Munich and at Yalta, will ensure that they, and Hungary, will be admitted to Nato. Adding Slovenia and especially Romania, however, could jeopardise US Senate ratification for the others. This is the argument Europe's advocates of faster expansion will have to accept at Madrid.



Rough justice: Riot police attacking protesters after storming Nairobi's All Saints Cathedral and firing tear gas at people in the building yesterday Photograph: AFP

Kenyan protesters die in clashes

Thika, Kenya (Reuters) - At least four people were killed yesterday when Kenyan police broke up protests. Badly beating organisers of opposition-backed rallies and firing tear gas, rubber bullets and live rounds.

Riot and elite paramilitary General Service Unit (GSU) police fired tear gas and rubber bullets to break up rallies in Nairobi. Scores of protesters were severely beaten, some even after they surrendered and offered no resistance.

"Kill him, kill him," hellowed police and council workmen armed with clubs as they laid into one man lying in Nairobi's Uhuru park. Police said Red Cross work-

ers found a boy bleeding from his mouth and ears in Uhuru park, but he died on his way to hospital. Witnesses said that David Mungai, 17, was shot in the chest and killed by police at Moi gardens in Thika, 20 miles from Nairobi, when police and prison guards charged people gathering for a demonstration.

A police spokesman said it was unclear whether David was the same person as a dead boy shown to police in Thika's Majengo area. He said an investigation was under way.

Sources at Thika hospital said that at least five other people were taken to hospital after being injured when police stormed Moi gardens, which had

a second-hand clothes market. The police spokesman said a mob tried to overturn the jail in the town of Nyahururu, about 60 miles west of Nairobi, and one man was shot dead by prison authorities. Police also shot and killed another man in a crowd that attempted to storm a bank.

He said a policeman was shot and wounded in Nyahururu by a gunman firing from a crowd. Police appeared to single out for particularly savage beatings leaders of opposition-backed groups which called the rallies in the biggest day of action to press for constitutional reforms before presidential and parliamentary elections.

Witnesses said that GSU and

police fired tear gas inside Nairobi's All Saints Cathedral and beat several demonstrators, including Muturi Kigano, chairman of the unregistered Safina party, and opposition members of parliament Kamau Icharia and Njoka Mutani. "We were in the middle of the service when they broke in. This is Kenyan justice for you. Even in God's house they beat innocent protesters," said the Rev Peter Njoka.

The Rev Timothy Njoya, moderator of the Presbyterian Church of East Africa and an organiser of the demonstrations, was severely beaten near the cathedral by six police wielding wooden pick-up handles. His assistant was also badly

hurt. "President Daniel arap Moi must go. Moi must go," hundreds of stone-throwing supporters chanted as they marched into the deserted business centre of Nairobi.

The rallies were called by opposition parties, human rights groups and other organisations at 50 sites in Kenya yesterday, a day in Kiswahili known as "Saba Saba", to commemorate a Nairobi rally seven years ago when at least 20 people were killed.

However, Mr Moi, 73, looks certain to extend his 19-year rule by five more years because of electoral rules and opposition splits. No date has been set for this year's general election.

It's a dirty business, but Luv cleans up

Understandably, Omar Paxinos was unhappy about his hair. His problem was not so much the grey strands that still clung to the terrain above his thick eyebrows, as the state of his chin.

"These are a big cheat," he complained. "They don't work at all. They just slide across the forehead. Look! His hand ran across five days' growth of an unwanted beard, which was interrupted only by a scraggy patch on one cheek where he had tried, but failed, to hack the whole lot off.

He was brandishing a packet of disposable razors bearing the blue and yellow livery of the manufacturers, Bic. They looked like the real thing. Same blue handles: same type-face; same plastic shields. But a close inspection revealed that the logo had been changed by one letter to read "Big". This mean little fraud, if the packet is to be believed, was cooked up in Korea.

We were standing on a hot morning in a market in the middle of Yerevan, the capital of Armenia. I was there, whiling away an hour before an inter-

YEREVAN DAYS

view. Neighbouring Turkey and Azerbaijan have long closed their borders with Armenia in a dispute over Nagorno Karabakh, where the ethnic Armenian majority seized control from Azerbaijan in a costly war. What better place to test the strength of the embargo than by a visit to the local markets?

Mr Paxinos, a 49-year-old Greek, had a more practical mission in mind. He was there to buy some new razors with blades that really worked. This time, he chose Gillette's. "These are genuine," he concluded, after squinting closely at the trademark. "You have to be very careful here, you know."

Indeed, Yerevan would send a shudder through any boardroom. The surrounding stalls were awash with bogus tat. There was soap powder that looked exactly like Ariel but was called Aris. There were cakes of Luv - rather than

Lux - soap; boxes of tea bearing the same colours as Lipton, in which the words "Yellow Label" are altered to read "Yellow Quality"; jars of hand cream marked Palmolive - one letter adrift from Palmolive. And (my favourite in this cheat's catalogue), there was also a pair of shoes whose brand name had been altered to read "Reebeks".

Most would not have fooled the trained eye of a Westerner. But brand recognition is still low in the former Soviet Union after decades of Communist rule in which commercials did not exist. Moreover, many of the best-known logos are in English; only the advanced reader would recognise a one-letter change.

The presence of such dross in Yerevan is partly the result of a peculiar twist of the Byzantine politics of the Transcaucasus, with its tangled conflicts over oil, religion, and regional dominance. Armenia, which has a large, active diaspora, receives more aid from the United States than any other country with the exception of Israel.

It also takes delivery of some 200 lorries loads of goods each day from Washington's adversary, Iran, which is subject to US sanctions. Government officials stress that they are not actually violating America's complex sanctions laws. But Christian Armenia is getting on very well, thank you, with the Islamic fundamentalists - no matter that the fruits of this relationship are marketplaces laden with Korean or Turkish-made fakes.

As a result, Armenia's population of under 4 million is not starving, though it is poorly served. The capital, a stark city which sits in a plain overshadowed by Mount Ararat, is still strewn with the detritus of Soviet rule: filthy apartment blocks, crumbling roads, broken-down stadiums and monolithic statues. The country is still grappling with the all too familiar problems of an incomplete transition to a free market economy - corruption, unemployment, collapsed industries, and a loss of direction and purpose.

But, although land-locked and energy-poor, Armenia is getting by.

"Consumer goods are no problem," says Gerard Libaridian, a senior presidential adviser. "The problem is the long term development. Can we break the next barrier - by importing raw materials, manufacturing exports, and being competitive in the market place?"

Armenians have had a rough time in the last decade, what with the 1988 earthquake, a war and an energy shortage that had them ripping up their own wooden floorboards and tearing branches off the city's trees to burn for heat. But Yerevan has begun to acquire dashes of elegance and pockets of prosperity. It is dotted with street-side cafes and kebab stalls. In the fine central square, illuminated fountains dance in time to the music of Mozart. Even the central hotel, the Armenia-1, no longer reeks of Soviet-style management. So it's a pity that some of the early fruits of the post-Soviet age to arrive in the markets are often outright fakes - blunt razors and bogus soap.

Phil Reeves

significant shorts

Foreigners escape as Cambodia door closes

An Australian military attaché yesterday led 41 more foreigners from Cambodia to safety in Thailand as the door closed on further escapes. The group joined about 60 foreigners taken out on Sunday by Colonel David Mead.

The exodus came as fighting sparked by the weekend coup by the Second Prime Minister, Hun Sen, against the First Prime Minister, Prince Norodom Ranariddh, spread from the capital, Phnom Penh, to the provinces. Those taken in convoy from north-west Cambodia to the border town of Aranyaprathet included three Britons, the colonel said.

AP - Aranyaprathet, Thailand

Netanyahu freezes out Sharon

Benjamin Netanyahu, the Israeli Prime Minister, bowed to the demands of the disgruntled Foreign Minister, David Levi, to dismantle the inner "kitchen cabinet" that sets peace policy, rather than make right-winger Ariel Sharon a member. The Prime Minister then announced that Mr Sharon, his choice to succeed Dan Meridor as finance minister, would not get the job, which will go to Yacov Neeman, a mild-mannered lawyer. Mr Sharon, 69, made no immediate comment.

Reuters - Rome

Soldiers posted to Mafia city

Italy plans to send soldiers to the port city of Naples this month to help police battle mob violence. Giorgio Napolitano, the Interior Minister, said the troops would take over routine duties, allowing hundreds of police officers to be redeployed. Some 85 people have been killed in the past six months as the Naples Mafia, known as the Camorra, wages a war for supremacy.

Reuters - Rome

White Australia triggers riot

Seven people were arrested and three police injured when more than 1,000 people protested at a meeting to form a branch of Pauline Hanson's One Nation Party. Protesters hurled eggs, potatoes and urine-filled balloons at Ms Hanson's supporters and jeered and chanted when about 150 supporters ran a gauntlet of protesters to get into the hall. The controversial lawmaker has called for an end to Asian migration to Australia and wants to cut off some of the government assistance to Aborigines.

AP - Melbourne

HK's stamp of disapproval

Hong Kong people usually queue in their thousands to buy new-issue postage stamps, but yesterday they lined up at post offices to hand back stamps bearing the face of the late Chinese leader Deng Xiaoping. The Deng stamp, the first mainland Chinese issue to go on sale in Hong Kong, had been stamped up over the weekend. But once buyers got them home, some found them wrinkled and grainy. Buyers were quoted as saying the quality was poor because the stamps were Chinese-made.

Reuters - Hong Kong

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The attack on Uday: Insider tells of cruelty, betrayal and revenge that led to gunmen's ambush

Revealed: how Iraqi rebels tried to kill Saddam's son

At 7.25 in the evening on 12 December last year, three identical white Mercedes drove down Mansur street in Baghdad. In the front car was Uday, the violent, all-powerful son of Saddam Hussein, who was looking forward to a "girls' party" he had arranged a few blocks away.

As the cars stopped at the traffic lights, preparing to turn right, a man standing outside the Karth Sports Club opposite stepped into the road and threw a grenade. He then ran towards the left side of the first Mercedes, firing his Kalashnikov machine-gun at the driver.

At the same moment, three other gunmen waiting in Mansur street itself began to shoot at Uday's car and the two following, which were packed with bodyguards. By the time they had finished Uday had been hit by eight bullets, one of which is still lodged in his spine. Although he survived, Iraqis believe he is too badly crippled ever to succeed his father.

It was the most carefully planned assassination in the Middle East since President Sadat of Egypt was shot dead 15 years ago. Now, one of the leaders of the group which carried out the attack says in an interview with *The Independent* - how they tried to get close to Uday for two years before they finally succeeded.

Ismail Othman, a fresh-faced Iraqi in his late twenties now hiding in Europe, revealed the attack was carried out by al-Nadhah (the awakening), a small group, mainly comprising former students from Baghdad. At first they considered kidnapping Uday. An earlier attempt to kill him at a farm he owned at Salman Pak outside Baghdad miscarried because he did not turn up.

The account of the plot given by Mr Othman, a code-name adopted to protect his family who are still in Iraq, can be partly confirmed by other sources. But he gives many fresh details, such as the fact that Uday almost escaped because on the night of the assassination attempt he was not driving one of the Mercedes as he usually liked to do. He also says al-Nadhah suffered heavy losses in February this year when Iraqi security forces discovered where the group was meeting, when one of its members accidentally bought a stolen car.

Ismail Othman says, as originally revealed by *The Independent*, that the key breakthrough for the attackers was when they acquired an inside source. He says: "We had a good contact with a member of the ruling elite from [Saddam Hussein's home town of] Tikrit called Ra'ad al-Hazaa." A distant relative of the Iraqi leader, Mr Hazaa helped the assassins because of a family feud. He wanted revenge because in 1990 Saddam Hussein killed and cut out the tongue of his uncle, General Omar al-Hazaa, for criticising the regime.

Al-Nadhah, formed in Baghdad in 1991 in the wake of the uprisings after the Gulf War, had early on decided that it was not feasible to assassinate Saddam Hussein himself. Even members of his inner circle in Baghdad do not know where he is. Film on Iraqi television of



by Patrick Cockburn

him addressing the ruling Revolution Command Council may be shot of a meeting which took place months before. "We decided to kill Uday two years ago," says Ismail Othman. "We thought the regime had four pillars: Saddam himself, Uday and his younger brother Qusai [head of security services] and their cousin, Ali Hassan al-Majid. Of these Uday was the easiest to get to."

Uday was also probably the most hated man in Iraq, with a reputation for using extreme violence. In 1988, at the age of 24, he was arrested by his father for beating to death Kamil Hanna Jajo, one of his father's bodyguards, during a party. The real motive for the killing was that Jajo had acted as a go-between in an affair between Saddam and his mistress, Sajida. Uday's mother, took his side and after a week he was released from prison.

Operating from his headquarters in the eight-storey Iraqi Olympic Committee headquarters, a fortress-like yellow building in Baghdad with its own prison, Uday turned himself into his father's chief henchman. He ran an influential

spired successfully against the government. It was tightly disciplined. It even survived the death of its General Secretary and founder, Hamoudi Ali, an electrical engineer, who was captured and tortured to death by Iraqi security last year.

The success of the plot against Uday turned on some loose talk by one of his relatives and boon companions, Lu'ay Kharallah Tulfah. In the past there had been no contact between those caught up in blood-thirsty feuds within Saddam Hussein's family and opponents of the regime. Suddenly, last December, the two streams came together. Ismail Othman says: "Over a drink in his home Lu'ay told Ra'ad al-Hazaa that he and Uday were planning a party in al-Mansur district in three days' time."

Lu'ay clearly did not realise that Ra'ad, once an officer in Saddam's own palace guard, now had dangerous friends. The Iraqi elite, known as the "Tikritis", mostly come from Tikrit, a city on the Tigris north of Baghdad. It is at the centre of the Sunni Muslim Arab heartland of the country, though three-quarters of Iraqis are Shi'ah Muslims or Kurds. It was home not only to Saddam Hussein, but to an important member of his clan, General Omar al-Hazaa, an Iraqi army divisional commander in the 1970s.

But when Saddam Hussein attacked Iran in 1980, starting eight years of war in which more than a quarter of a million Iraqis died, General al-Hazaa became critical. He retired from the army. An Iraqi army officer, now in exile, says that in his cups at the retired officers' club in the Yarmuk district of Baghdad near his house, General Hazaa often expressed open contempt for President Saddam's branch of the family. (It comes from the village of



Crippled future: Uday Hussein leaving hospital last month, six months after the assassination attempt by al-Nadhah

Photograph: Reuters

had good street lighting in case it was dark when he arrived. We knew he would be in one of three white Mercedes, all the same shape, model and with the same number plates to confuse attackers about the car which Uday was in."

The would-be assassins decided to ambush Uday where Mansur street, a long straight road, reaches Baghdad International street (See map). There are many shops in the area, so members of the al-Nadhah attack group standing in the street would not attract attention. Uday's convoy would also probably have to slow down at the crossroads. Four men, all armed with Kalashnikovs and four clips of ammunition each containing 30 rounds, were positioned to attack Uday's car from the front and sides, whichever route he took.

Ismail Othman says Uday was delayed because he had gone gone to feed his pet police dogs, as he did every Thursday, at the Jadriya boat club on the Tigris. Just before night fell, the gunman outside the al-Karth Sports Club saw the first white Mercedes speeding up Mansur street. Two other members of the ambush squad were waiting at the opposite street corner outside the Ruwad restaurant. A fourth man stood in a side street near the two getaway cars, ready to shoot at the second two cars in the convoy from behind to prevent the bodyguards helping Uday.

Everything went according to plan, except for one small error. Ismail Othman says: "We believed Uday would be driving the first car because that is what he normally did. In fact, he was sitting in the passenger seat."

The gunman outside the Karth sports club, who was the first to shoot, concentrated his fire on the driver as originally planned. It was one of the men outside the Ruwad restaurant who realised that Uday was not sitting where he was expected. He saw him instead in the passenger seat and fired at him at almost point-blank range. A government official later admitted Uday was hit by eight bullets.

"It all took one-and-a-half to two minutes," says Ismail Othman. Then, three of the ambush party ran down Mansur street to the two getaway cars, covered by a single gunman who was still firing at the convoy.

The escape had been carefully planned. The getaway vehicles each had number plates from a western Iraqi province least likely to be enemies of Saddam Hussein and there-

fore less likely to be stopped by the police.

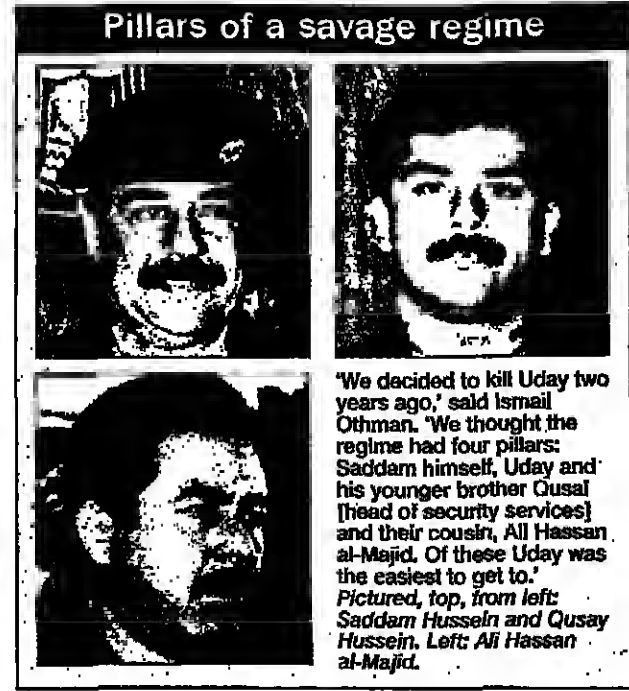
Surprisingly, the government immediately confirmed Uday was wounded, though not how badly. According to one source, this was to quell rumours that Saddam Hussein himself had been hit. Ismail Othman says those who planned and carried out the ambush escaped by travelling into Iraq's western desert, where they were joined by Ra'ad al-Hazaa, and finally reached Jordan. He says they chose this route because Iraqi security would expect the assassins to seek refuge in Iran or Iraqi Kurdistan, both only two or three hours from Baghdad.

Another Iraqi source told *The Independent* the assassination group did enter Iran. Iraqi government demanded they be returned by the Iranians. It is possible Iran insisted that the men who had

tried to kill Uday deny that they had ever entered its territory.

Some members of al-Nadhah stayed behind. They remained undetected until 2 February when they held a meeting at al-Kreat north of Baghdad. Unfortunately, one of them had bought a car which turned out to be stolen. When security came to investigate, one of the guards at the meeting opened fire. Ismail Othman says: "The soldiers used rocket propelled grenades to blow up the house over the heads of the 11 defenders. All of them were killed along with three Iraqi soldiers."

Uday recently left hospital on crutches, claiming he was recovering. He has not been seen since. Iraqi sources say he is too badly injured to regain his old power. Ismail Othman believes that by showing there was a real Iraqi resistance, which could strike at the leadership, the attack on Uday "achieved 100 per cent success".



'We decided to kill Uday two years ago,' said Ismail Othman. 'We thought the regime had four pillars: Saddam himself, Uday and his younger brother Qusai [head of security services] and their cousin, Ali Hassan al-Majid. Of these Uday was the easiest to get to.'

'One of the al-Nadhah men fired at Uday at almost point-blank range. He was hit by eight bullets'

newspaper called *Babil*. In 1995, at another drunken party, he shot his uncle Walban, a former interior minister, through the leg. This led his cousin, Lieutenant-General Hussein Kamel, one of his chief rivals for power, to flee to Jordan. When he returned, believing he had been pardoned, Uday killed him.

Since the Gulf War, Uday has built up a fortune through his control of smuggling, a highly profitable business since the Iraqi economy is isolated by United Nations sanctions. The savage feuding within Saddam Hussein's extended family over the last three years gives an impression of anarchy in Iraq. In reality, the regime has never weakened. Iraqi society remains disciplined. There are few troops to be seen on the streets of Baghdad, though security police are everywhere.

The opposition has mostly fled to Iraqi Kurdistan or to Iraq's neighbours, where it has usually become dependent on foreign intelligence services.

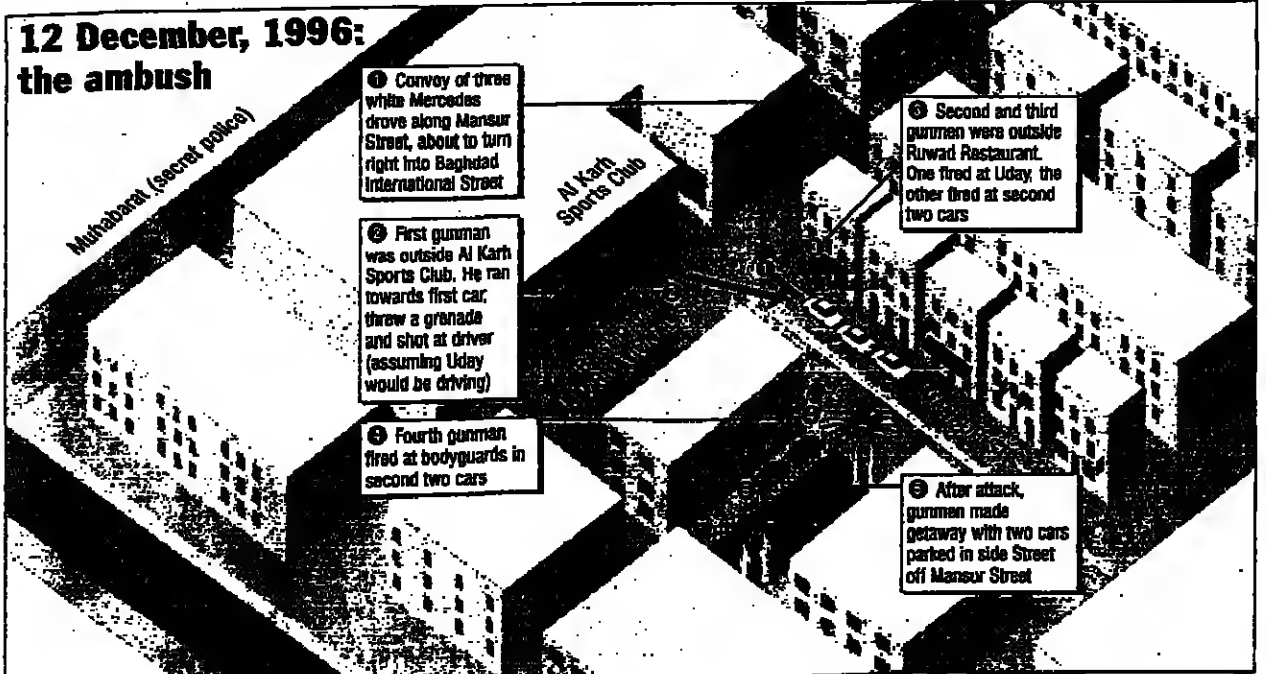
It was an extraordinary achievement for al-Nadhah, dedicated to establishing democracy in a united Iraq, to have con-

al-Ouja outside Tikrit and was not part of the traditional clan leadership.

The officer says: "In 1990 the general was arrested. He was taken to al-Ouja and his tongue cut out. Then he was executed. His son Farouq was executed at the same time and the general's house in Baghdad was bulldozed."

When Ra'ad, the nephew of the dead general, learned about the party Uday was due to attend in three days' time he knew his moment for revenge had come. He told the al-Nadhah group. They immediately started mobilising their military section. (The Iran-Iraq war and the Gulf War mean that most Iraqi men have military training and weapons are easy and cheap to obtain.)

Knowing the time and place of the party in al-Mansur, a fashionable district in west Baghdad, which Uday was to attend, made it easy to choose the site for the ambush. "We thought Uday would have to take one of two routes to come to the party," says Ismail Othman. "We chose a place where the two roads met a crossroads. It also



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Professor J. Z. Young

The zoologist and comparative anatomist J.Z. Young was acknowledged by many biologists to be the most distinguished invertebrate anatomist of this century.

His main interest was the functional anatomy of the nervous system, the details of how its nerve cells were arranged and how they were linked together on the one hand, and on the other, what the properties of a nervous system might be, how we and other animals learned, and what was the basis of memory.

Directed towards biology by A.G. Lowndes, his teacher at Marlborough College, Young later wrote that he loved it from the first day, dissecting a rabbit before breakfast. He went up to Magdalen College, Oxford, as a Demy, to read zoology and, gaining the best First, was awarded the Naples Scholarship upon graduation, to study the visceral autonomic nervous system of fish.

Two excellent papers on the fish autonomic system resulted, but the most important consequence of his early visits to Naples was his introduction to the cephalopods, the group containing octopus, cuttlefish, squid and nautilus. His first published papers, in 1929, both dealt with cephalopods. One

was on a new organ he had discovered next to a nerve ganglion in octopus and the other on the degeneration of cuttlefish nerve fibres after section. Thus began his remarkable research career, spanning no less than 65 years from the date of these first papers. In all, he wrote more than 150 articles on cephalopods as well as several books, and at the time of his death was working with Marion Nixon on a large book *The Brains and Lives of Cephalopods*.

Whilst searching in squid for the new organ he had discovered in octopus, Young observed large transparent tubes in the nerves passing from the star-like stellate ganglion to the mantle muscle which powers squid jet propulsion. These tubes arose from masses of small nerve cells in the ganglion and after some simple experiments, Young was able to show that they were in fact enormously thick giant nerve fibres. Nerve fibres in most animals, and indeed the other nerve fibres in squid mantle nerves, are only a few thousandths of a millimetre in diameter, but the giant nerve fibres or axons in large squid may be up to a millimetre in diameter.

The discovery of the squid and cuttlefish giant axons, first an-

nounced in a short note in 1934, was of cardinal importance. In a series of masterly papers, many in the *Philosophical Transactions* of the Royal Society (where Young regularly contributed long superbly illustrated papers on cephalopods for over 50 years) he described the very complex anatomy of the giant fibre systems.

As a zoologist, he was not only interested in the anatomy, but also in how the system functioned, and he was able to show by measuring the speed of conduction of giant fibres of different diameters, that the size of the giant axons was related to the need for rapid escape responses from the mantle muscles. Curiously enough, giant cells and axons in the cephalopod brain had been discovered by another anatomist, L.W. Williams, in 1909, but he gave no figures and misunderstood the arrangement of the fibres, so that it was Young's prepared mind that understood the system and worked it out correctly, setting in his first note the great significance of his discovery.

The importance of the giant axons to neurophysiology lay in their accessibility and colossal diameter, compared with other "normal" nerve fibres. Their



Young: anatomical discoveries

size permitted the experiments by Sir Alan Hodgkin and Sir Andrew Huxley in which they actually inserted two electrodes into the axons. This led to the understanding of the excitability of the nerve membrane and the mechanism of nerve conduction. It even became possible, as was found later, to roll out the contents of the axon with a miniature roller, and to replace them with artificial solutions. Work on the giant axons, and their surrounding sheath cells, has continued ever since, not only by those interested in excitable membranes and synaptic transmission, but also by biochemists and microscopic anatomists.

Space does not permit description of all of Young's later anatomical discoveries. As well as the detailed anatomy of different cephalopod brains, and the anatomy of curious and rare cephalopods, he worked out the organisation of the eye muscles (including a muscle which spans the head transversely linking the two eyes) and the statocysts (extraordinarily, not so different in principle to our own ears), and had just completed with a colleague a fortnight before he died a remarkable paper on the cephalopod rasping rows of radular teeth, in which he was able to explain the existence of structures found in many other molluscs whose function had not been understood. He confided to me that he felt this last paper was one of his best.

In addition to his anatomical work, Young pioneered the use of the octopus for experimental neurobiology, and worked for many years each summer at the Stazione Zoologica in Naples examining the changes in visual and tactile learning and in memory which resulted from different brain lesions. Of course this went hand in hand with studies of brain anatomy, and led to later more philosophical articles and

books such as *Doubt and Certainty in Science* (1950), *Programs of the Brain* (1978) and *Philosophy and the Brain* (1982). As he remarked in a recent essay, he was concerned to show how knowledge about brain functions can help in everyday human affairs.

The visits to Naples, begun in 1928, continued whilst he was a Fellow of Magdalen and University demonstrator in Zoology, until the beginning of the Second World War. During the war, Young worked in Oxford with H.J. Seddon studying nerve injuries and their repair by grafting. After the war, he became the first zoologist to be appointed to a chair of anatomy, at University College London, in 1945. Further research visits to Naples were made from the late 1940s until the early 1980s. The great distinction of this regular scientific visitor was fittingly recognised in 1991 when Young received the freedom of the city he was so fond of and had known so long.

As Professor of Anatomy in University College 1945-74, he wrote *The Life of Vertebrates* (1950) and *An Introduction to the Study of Man* (1971), the former making his name familiar to generations of students, in-

fluencing them more than any of his other contributions.

In person, J.Z. (as he was universally known outside the circle of his friends and pupils to whom he was John) was tall and commanding, latterly with a mane of silver hair, and his personality was a strong one. Perhaps his most striking and engaging characteristic was his infectious enthusiasm for whatever he did, whether it was about the Roman snail colony in Wychwood, or his latest experimental results.

He had a formidable intellect and an even more formidable capacity for work. Even in his eighties he worked a long day, pausing for an hour in the pub before a late dinner and continuing in the evening. Sundays were devoted to walking 20 miles or so, but anyone who knew him cannot imagine that he was even then not pondering his next paper or book.

His marriage to the painter Raye Parsons was supremely happy, and he owed much to her. She organised a magnificent lunch for his 90th birthday earlier this year, and it was astonishing how many of his former pupils and friends came from all over the world to see John and to wish him well.

He was in truth a scientist who was exceptionally good at what he did, and loved doing it. For him, research was certainly a way of life rather than a job. He received during his life many distinctions: elected Fellow of the Royal Society at the early age for a biologist of 38, he received the Royal Medal of the society in 1967, the Linnean Gold Medal of the Linnean Society in 1973, and was given the unusual honour for a scientist, which pleased him much, of election as an honorary fellow of the British Academy in 1986. He was also a member of several foreign academies, and was given many honorary degrees.

Quentin Bone

John Zachary Young, zoologist, born 18 March 1907; Fellow, Magdalen College, Oxford 1931-45; Honorary Fellow 1975; Demonstrator in Zoology and Comparative Anatomy, Oxford University 1933-45; FRS 1945; Professor of Anatomy, University College, London 1945-74 (Emeritus); Bullerton Professor of Physiology, Royal Institution 1958-61; married first Phyllis Heaney (one son, one daughter), second Raymond Parsons (one daughter); died Oxford 4 July 1997.

Miguel Najdorf

Anyone passing through the Press Room of a world chess championship match in the 1970s or 1980s would have noticed that one table always attracted the strongest grandmaster visitors and produced the most animated discussions. And when an aged and podgy hand hanged a piece down, accompanied by a gravelly cry of "Chess, easy game", and a raucous laugh, everyone knew that the focus of all the attention was Miguel Najdorf, one of the most successful and respected figures of post-war international chess.

Born Mieczyslaw Najdorf (pronounced to rhyme with high-dwarf) in Poland in 1910, he made his international debut in Warsaw at the Chess Olympiad of 1935, scoring nine wins, six draws and only two losses. The following year, he shared first place as a guest player in the Hungarian championship.

At the time of the outbreak of the Second World War in 1939, he was playing in the

Chess Olympics in Buenos Aires and, in common with many other European players, decided to sit out the war in South America.

In 1944, he took up Argentine naturalisation and changed his first name to Miguel. He went on to win the Argentine championship seven times, stretching from 1949 to 1975, and played for Argentina in 11 Olympiads from 1950 to 1976. Twice, in 1950 and 1952, he won the prize for the highest individual score on top board.

When international chess resumed after the war with a major tournament in Groningen, in the Netherlands, Najdorf finished in fourth place behind Botvinnik, Euwe and Smyslov. That performance, together with his pre-war results ought to have earned him a place among the contestants for the 1948 world championship series, but a proposal to include him fell foul of the intensely political manoeuvring going on between the International

Chess Federation and the Russians.

In subsequent Candidates tournaments for the world championship, Najdorf finished fifth in 1950 and sixth in 1953. During this period he was one of the very few players from outside Russia who could have been a credible world title contender. His name, however, is now remembered less for his results in world championship qualifiers than for his championing the "Najdorf Variation" of the Sicilian Defence - which remains one of the most popular openings among the world's top players.

Najdorf's early successes in Poland and the length of his career in Argentina - he was still regularly playing successfully in tournaments in his late seventies - were both symptoms of a huge natural talent for chess. While other top players worked hard, both in their preparations and at the board, Najdorf seemed to sense without effort where his pieces belonged.

For him chess was indeed an

easy game. His other great catch phrase, which echoed frequently around the world's tournament venues, was an admonitory "Play with your hands, not with your head!" usually uttered in criticism of a poor move played as a result of excessive thinking.

Towards the end of last year, the Dutch town of Groningen invited all seven surviving players from their 1946 tournament back for a 50th anniversary celebration. When asked how they would like to spend their time, the old men were unanimous: "Why, playing chess, of course." And we can be sure that Najdorf's vote was the most voluble. In nearly 70 years of tournament play, his love of the game had never diminished.

William Hartston

Mieczyslaw (Miguel) Najdorf, chess player; born Warsaw, Poland 15 April 1910; twice married (one daughter, and one daughter deceased); died Marbella, Spain 4 July 1997.



Najdorf at play: inventor of the popular 'Najdorf Variation' of the Sicilian Defence

Photograph: British Chess Magazine

Karl Ridderbusch

Karl Ridderbusch was a German bass with a magnificently resonant, dark-coloured voice, the kind of singer who is the mainstay of productions of Wagner's Ring cycle the world over.

He duly sang Fasolt, Hunding, Fafner and Hagen in Bayreuth, and several of those roles at the Metropolitan, New York and at Covent Garden, but his voice encompassed a very wide range, and he became particularly noted for his portrayal of Hans Sachs, which he sang at the Easter Festival in Salzburg under the baton of Herbert von Karajan.

Another favourite and much-admired role was that of Baron Ochs in *Der Rosenkavalier*. An excellent actor, he sang a number of comic roles, including

Rocco (*Fidelio*), Van Bett (Lortzing's *Zar und Zimmermann*), Nicolai's *Falschiff*, and Keatl (*The Bartered Bride*); he never, even as Ochs, overplayed the comic business, but in more dramatic parts such as Caspar (*Der Freischütz*) and Pizarro (*Fidelio*), not to mention his Wagner repertory, he used his fine voice and impressive height to even greater advantage.

Karl Ridderbusch was born in Beckinghausen in 1932. He trained to be an engineer, intending to work in his father's brick-works. His voice was discovered when he entered an amateur competition held by the Herzog Film Company in Düsseldorf, where he was heard by the tenor Rudolf Schock. Encouraged by Schock, who paid for part of his studies, first in

Duisberg, then in Essen, Ridderbusch made his stage debut in 1961 at Münster.

In 1964 he moved to Essen, and in 1965 to the Deutsche Oper am Rhein in Düsseldorf/Duisberg, which remained his home base for the remainder of his career, and where he sang Italian roles such as Henry VIII in Donizetti's *Anna Bolena* and Philip II in Don Carlos, as well as the German repertory.

Ridderbusch was soon giving guest performances, in Vienna, Berlin, Frankfurt and Hamburg, in Dallas, where he sang Sarastro in *Die Zauberflöte* in 1966, and at the Paris Opéra, where he sang King Mark in *Tristan und Isolde* in 1967. That same year he made his Bayreuth debut as King Henry

in *Leherlein*, followed by Titurel in *Parsifal* and Fasolt in *Das Rheingold*, and his Metropolitan debut as Hunding in *Die Walküre*, later singing Fafner in *Sigfried*.

He made his Covent Garden debut in 1971 as Fasolt, Hunding and Fafner, returning as the Landgrave in *Tannhäuser* in 1974.

Ridderbusch continued to appear at Bayreuth for the next decade, as Hunding, Hagen (*Götterdämmerung*), Daland (*Der fliegende Holländer*), and Pogner as well as Hans Sachs in *Die Meistersinger*, which soon became his most successful role. He gave an especially fine performance at the Salzburg Easter Festival in 1974. He returned to the Metropolitan in 1976 as Sachs and sang the role at the

Lyric Theatre, Chicago in 1977.

During the 1980s Ridderbusch made a great many recordings; he can be heard as Pogner and Sachs, King Mark, Titurel and Gurnemanz, as well as in his usual roles in *Der Ring*, and as Rocco. My own favourite among his recordings is Richard Strauss's *Capriccio*, in which he takes the part of the theatre director La Roche and in his great monologue both explains and demonstrates what opera is all about.

Elizabeth Forbes

Karl Ridderbusch, opera singer; born Beckinghausen, Germany 29 May 1932; twice married (two sons, one daughter); died Wels, Austria 21 June 1997.



Ridderbusch as Hagen in *Götterdämmerung* Photograph: Opera Magazine

Births, Marriages & Deaths

DEATHS

CHEETHAM: Dennis William, of Carlisle, Nottingham. Died on 1 July 1997, aged 77. Retired JP and POEWU officer. Loved and missed by all his family. Funeral at Wilford Hall Crematorium, 12.45pm, Friday 11 July. Any donations to the Nottingham Hospice.

HORDER: Thomas Mervyn, 2nd Baron of Ashford, peacefully, in hospital, on 3 July. Much-loved brother, uncle, great-uncle and friend. Funeral service, Friday 11 July, 10.30am, at St Augustine's Church, Carlton Vale, Kiburn. Private cremation afterwards. Family flowers only. Donations to the Musicians' Benevolent Fund, c/o H.J. Bell & Co, 1c Westminster Court, Aberdeen Place, London NW8.

HORDER: Lord, Mervyn died 3 July 1997. Remembering him with gratitude for the friendship he gave to Bryan Yool and Pat Ryan and the children whom he loved, Mervyn, David and Gertrude, and also Geoffrey Elton and Mark Watson and their dog Teddy. He enriched all their lives by refusing them to suffer even a single moment of boredom in his company. Mervyn Horder showed these friends a way to live.

ROBINSON: Bernard Wheeler, physicist and creator of Mervyn Camp, died peacefully at Pagans on Monday 7 July 1997, aged 93. Funeral private.

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS (Births, Adoptions, Marriages, Deaths, Memorial services, Wedding anniversaries, In Memoriam) should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 5DL, telephoned to 0171-293 2012 or faxed to 0171-293 2010, and are charged at £6.50 a line (VAT extra).

Birthdays

Lord Allen of Abbeydale, former senior civil servant, 85; Mr Jon Bannenberg, yacht designer, 68; Dr Robert Barnes, metallurgist, 73; Dr Kate Beaman, former President, Lucy Cavendish College, Cambridge, 85; Mr Christopher Brown, Headmaster, Norwich School, 53; Mr Alan Campbell MP, 40; Mr Ben Chapman MP, 57; The Hon Mrs Mary Corran, former chairman, WVS, 78; Sir Peter Darcy, former chief inspector, Fire Services, 73; Lord Dervard, Dean of the Faculty of Law, Edinburgh University, 62; Mr Keith Fielding, rugby player, 48; Lord Gilmour of Craigmilne, former government minister, 71; Mr Bruce Gynell, former managing director, TV-am, 68; Mr Bernard Henderson, chairman, British Waterways, 69; Mr Brian Hitchen, editor, *Sunday Express*, 61; Dame Elaine Kellert-Borman, former MP, 78; Dr Peter Knight, Vice-Chancellor, University of Central England in Birmingham, 50; Maj-Gen Robert Loudon, former director, Medical Health Foundation, 75; Viscount Mervyn, film director, 63; Air Chief Marshal Sir Roger Palfin, Controller, RAF Benevolent Fund, 59; The Right Rev Derek Rawcliffe, Assistant Bishop, Ripon, 76; Mr Chris Ruane MP, 39; Viscount Samuel, Emeritus Professor of Physical Chemistry, Weizmann Institute of Science, Israel, 75; Mr Walter School, former president of West Germany, 78; Sir Roy Shaw, former secretary-general, the Arts Council, 79; Mr Brian Walden, journalist and broadcaster, 65; Air Chief Marshal Sir Neil Wheeler, 80; The Very Rev Michael Whitney, Assistant Bishop, Birmingham, 67.

Anniversaries

Births: Jean de la Fontaine, poet and writer, 1621; Joseph Chamberlain,

statesman, 1836; Sir Arthur John Evans, archaeologist, 1851; Percy Aldridge Grainger (George Percy), composer and pianist, 1882; Alec (Alexander Raban) Waugh, writer, 1898; Deaths: Pope Gregory XV, 1623; Percy Bysshe Shelley, poet, at sea at Spezia, Italy, 1822; Sir Henry Raeburn, portrait painter, 1828; Sir William Edward Parry, Arctic explorer, 1855; Hattie Kappa Browne ("Phiz"), artist, 1882; Henry Havelock Ellis, physician and writer, 1939; Vivien Leigh (Vivian Mary Hartley), actress, 1907; Michael Wilding, actor, 1909; Frank Hampson, creator of "Dan Dare", 1985. On this day: Vasco da Gama, navigator, set sail from Lisbon with four ships on a voyage to India, 1497; the last bar-knocking boxing contest, between John Lawrence Sullivan and Jake Kilrain, and lasting 73 rounds, took place at Richmond, Missouri, 1889; the Ziegfeld Follies opened for the first time, New York, 1907. Today is the Feast Day of St Adrian III, pope, Saints Aquila and Prisca or Priscilla (husband and wife), St Grimbald, St Kilian and his Companions, St Procopius of Caesarea, St Raymond of Toulouse, St Sunniva and her Companions and St Withburga.

Lectures

National Gallery: Norman Coady, "Precious Objects (II): Renaissance Studioli, treasures for books, objects and images", 1pm.

Victoria and Albert Museum: Deirdre Robson, "Design in Britain in the 1920s", 2.30pm.

Tate Gallery: Lioda Nochin, "Ellsworth Kelly: making abstraction anew", 6.30pm.

British Museum: Anne Pearson, "The Metropolitan Museum of Art, New York", 1.15pm.

National Portrait Gallery: Karen Heaton, "Lucy Harrington, Countess

of Bedford", 1.10pm; John Tass, Charles Sautour, Sir John North, Lynton, Isabel Myerscough, "BP Portrait Award", 6.30pm.

Luncheons

HM Government: Mr George Robertson MP Secretary of State for Defence was the host at a luncheon held yesterday at Lancaster House, St James's, London SW1, in honour of Sayyid Bader bin Saud bin Harb Al Thumaidi, Minister Responsible for Defence Affairs of the Sultanate of Oman.

Dinners

Canada Club: Dr Gavin Reilly, Director and former Chairman, Anglo-American Corporation, was the guest of honour at a dinner held yesterday evening by the Canada Club at the Dorchester Hotel, London W1. Lord Strathairn and Momi Royal was in the chair. Mr Philip Priestley, of the Foreign and Commonwealth Office, and Mr Michael Chapman, of BMO Nesbitt Burns International Ltd, also spoke.

ROYAL ENGAGEMENTS

The Princess Royal, Patron, Canal Museum Trust, attends a reception and the exhibition "Women and Children of the Canal" at 12-13 New Wharf Road, London N1, and visits HMS Dryad, near Southwick, Hampshire. The Duchess of Kent, Patron, visits the Sussex Beacon, Brighton, West Sussex.

Changing of the Guard: The Household Cavalry Mounted Regiment mounts the Queen's Life Guard at Horse Guards, 11am; 1st Battalion Scots Guards mounts the Queen's Guard, at Buckingham Palace, 11.30am, band provided by the Scots Guards.

Publication of articles was not contempt

Attorney General v Unger & ors; Queen's Bench Divisional Court (Lord Justice Simon Brown and Mr Justice Ouse) 3 July 1997

LAW REPORT

8 July 1997

Newspaper articles in which an alleged thief was said to have confessed after being caught on videotape, published whilst proceedings against her were still active, did not constitute a contempt of court.

The Divisional Court dismissed contempt proceedings brought against the editor of the *Manchester Evening News*, its publishers, and the *Daily Mail* in respect of two newspaper articles published in July 1996, which the Attorney General contended constituted a contempt of court under the strict liability rule. By section 2(2) of the Contempt of Court Act 1981 that rule applies to publications which create "a substantial risk that the course of justice... will be seriously impeded or prejudiced."

Rabinder Singh (Treasury Solicitor for the Attorney General), *Andrew Caldicott QC* (Cobbe, Manchester) for the first and second respondents; *Jonathan Caplan QC* (10 Freema) for the third respondent.

Lord Justice Simon Brown said that the article in the *Daily Mail* appeared on 10 July 1996 under the headline "The home help who was busy help-

ing herself". It described how the son of an 82-year-old woman had installed a secret video camera in his mother's home to discover who was stealing money from her. He had captured the thief, his mother's home help, twice on video which he had shown to the police.

When confronted by reporters the woman, Mrs Gilluley, had said that she would not be denying the allegations. The article was flanked by two photographs captioned respectively "A video picture of the thief reaching for cash hidden in a fridge" and "Seconds later, she pockets the money". The article in the *Manchester Evening News*, published on 9 July, was to substantially the same effect.

At the time that the articles were published, proceedings were "active" within the meaning of the 1981 Act: Mrs Gilluley had been arrested on 3 July 1996 and charged with two offences of theft. Having been shown the video she had admitted the first offence, but not the second.

The *Daily Mail* consulted leading counsel, who advised them that, since Mrs Gilluley had confessed and had in any

event been caught "red-handed" on video, there was no substantial risk of prejudice to her case. On 4 September 1996 she pleaded guilty at the magistrates' court to two charges of theft.

The case against the respondents was that as at the date of publication there was a real chance that Mrs Gilluley might have elected trial by jury in which event there was a substantial risk that her trial would have been seriously prejudiced.

The issue to be addressed concerned the relevance of Mrs Gilluley's clear intimation to the respondents that she would be admitting the charges. Counsel's advice to the *Daily Mail* had been based almost entirely on the fact that she had confessed and had been caught red-handed. Much the same thinking appeared to have coloured the approach of the *Manchester Evening News*.

That approach was wholly misguided and indeed pernicious. It was not to be assumed that because someone had "confessed" to a crime that they would necessarily plead guilty to it, nor indeed that they necessarily were guilty of it. Still less was it for the newspapers to assess the strength of the ev-

idence against an accused and to second-guess a jury's verdict. The respondents had submitted that even if the case had ultimately gone for trial before a jury, that trial would not have been compromised by the publication of the articles. It seemed, generally speaking, that unless a publication materially affected the course of trial by causing it to be moved, or delayed to minimise prejudice, or necessitated special directions to the jury, or created at the very least a seriously arguable ground of appeal on the basis of prejudice, it was unlikely to be vulnerable to contempt proceedings under the strict liability rule.

In the present case it seemed plain that Mrs Gilluley, had she been convicted by a jury, would not have obtained leave to appeal on the basis of the articles. In the result, the allegation of contempt had not been made good.

Articles such as those under consideration undoubtedly, however, exposed their publishers to a real risk of being found in breach of the strict liability rule. All those, therefore, in the business of crime reporting should recognise that such articles were published at their peril, and should exercise great caution.

Kate O'Hanlon, Barrister

سكرا من الاصل

Now it's up to the teachers to back Blunkett

Imagine what a difference it would make to people's lives if their educational achievement was, on average, 10, or 20, or 30 per cent higher. Better-educated people are not only more productive, more creative, they are also more fulfilled and more responsible. In short, they are better citizens. Nothing, in a modern democratic economy, matters more than enabling people to play a role as possible in our society – to enjoy all the advantages of our way of life. David Blunkett's task is thus enormous. His performance will affect not only how the country regards him; but also how we judge Labour and Tony Blair. Yes, people will vote Labour – or not – for other reasons too. But if Mr Blunkett fails, his supporters will have every reason to wonder what this government was for.

So it's a heavy duty. But he starts out with a better prospect of success than any Secretary of State for Education has enjoyed for more than 30 years. The reason is simple, but too little noted: that, after a decade and a half of hostility and struggle, parents and teachers and politicians overwhelmingly agree about what needs to be done. Remember the dread word "consensus" that Margaret Thatcher strove to dismiss from our language? Remember how, in spite of her efforts, the whole educational world pleaded for consensus on schooling? Well, now we have it. While the arguments have raged over tests and

curricula and teachers and funding, certain core truths have been emerging about what works in schools, and what doesn't. Suddenly we find that we do not need to argue about many of the fundamentals. As the White Paper says, "We know what it takes to create a good school: a strong, skilled head who understands the importance of clear leadership, committed staff and parents, high expectations of every child, and above all good teaching." Precisely: achieve those things and everything else will follow. We do not need to argue about many of the details – such as whether children should practise mental arithmetic. We know that if they don't, they will be incapable of more developed activities. We even know that they learn it better when taught as a whole class. Better still if their teachers can compute quickly in their own heads.

This is the educational equivalent of Mr Blair's "neither left nor right but the radical centre" nostrum for politics generally; in this case, neither trendy ill-discipline nor cheerless rote-learning, but disciplined, modern learning. That requires proper resources, including decently-paid teachers, new books and computers – and traditional values. We have, perhaps, moved beyond the playground catcalling between mods and trads. Certainly, on that level, yesterday's White Paper is the most grown-up document to emerge from govern-



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ment for a long time. It recognises explicitly that the Conservatives were right to introduce a national curriculum, and tests, and to start challenging mixed-ability teaching. Indeed, Labour is now promising not only to improve league-tableing to measure progress, but also to introduce more tests, and higher targets. But, as *Excellence in Schools* points out, the Conservatives then became obsessed with structure, believing that tinkering with new forms of school management and governance would in itself raise standards. Mr Blunkett is accepting that the Tories exposed the problem, but looked in the

wrong place for an answer. He has therefore swung round to focus again on the substance of schooling: what teachers and pupils actually do.

His proposed mechanism is coherent and straightforward. Set national targets. Require local councils to provide plans describing how they will lead their schools to meet those targets. Use successful schools to show others how to improve. Improve teachers' confidence and ability. If individual schools or teachers succeed, they will be rewarded. But if they continue to fail, no excuses will be tolerated. That programme, clearly detailed in

the White Paper, is a cogent summation of all that we know needs to be done. But central problems remain. One is that the Government must rely heavily on exhortation, to which some teachers are notoriously immune. Mr Blunkett's appeal for a "can do" mentality to spread through the profession should surely be applauded. But will those doubters bear him? In this context, professionalising teachers by creating a General Teaching Council (similar in objectives to the professional authorities for lawyers and doctors) could be a powerful engine. But it is not worth bothering with if the teaching unions treat it as a forum for playing out their destructive competition for members. It must be an inclusive body, not a cluster of cynical caucuses.

Mostly the White Paper's core principles are worthwhile. But the principle that policies should be designed to benefit the many, not just the few, is open to huge misunderstanding. It does imply that "the few" are unimportant. Thus some teachers are encouraged to believe that they don't need to expend energy on aspiring and able children, leading middle-class parents to disconnect themselves from state schooling – which, in turn, undermines the whole system. If standards are to rise, every child is important, from the least able to the most able. Quality education is about persuading the unmotivated to learn, persuading

mediocre performers to become good performers, and extending the brightest to their fullest stretch.

But Mr Blunkett, above all, has the right kind of ambition for a politician: the ambition to achieve something. With every day in power he is demonstrating that he is determined to make his programme work. He is pointing the vessel in the right direction. Now all he needs is a fair wind. Everyone, above all the teachers themselves, should give it to him.

What's the story? Noel's lost glory

Hurray, Oasis are back! We celebrate this event, not because this paper is partisan about one band or another, but because it means that conversation lends at least a passing interest to the Gallagher brothers' real business, not just their amorous affairs and comprehensive knowledge of English expletives. Actually their single is more boring than stories about the brothers' private lives, but never mind. Tony Blair doesn't – or shouldn't. A poll published yesterday asked women whose phone number they would most like to have: 21 per cent said the PM, 14 per cent were after David Beckham, only 8 per cent wanted to chat up Noel G. How the world turns.

LETTERS TO THE EDITOR

Ulster seizes the moral low ground

Sir: So once again the summer madness is upon us, and once again we are treated to the spectacle of Ulster tearing itself apart. Dr Mo Mowlam could be forgiven for thinking she has strayed into a looking-glass world, where the objective of both sides is to seize the moral low ground, and negotiations are conducted by five-year-olds threatening to scream and scream until they are sick if they don't get their own way.

Given the lack of a political solution, the RUC's decision to allow the Drumcree march is understandable: whatever they do, one side or the other will riot and the RUC will take the brunt of it, so they might as well offend the side with the smaller number of potential rioters.

However, morally it was the wrong decision. Faced with such intransigence from both sides, the Government should intervene against whichever side is acting more provocatively. Since in this case the Orange parade could have returned from church the way it came, offending no one, the insistence on marching down the Garvaghy Road can only be seen as provocative.

Bafflingly, many Orangemen seem genuinely unable to understand why the Garvaghy Road residents object so strongly to their parade. Anywhere but Ulster, one might hope that they could be persuaded to reroute their march and claim a victory for common sense and the peace process. They must realise that if there is ever to be a lasting settlement, both sides will have to give a little, and somebody has to be first.

JON PERKINS
London N15

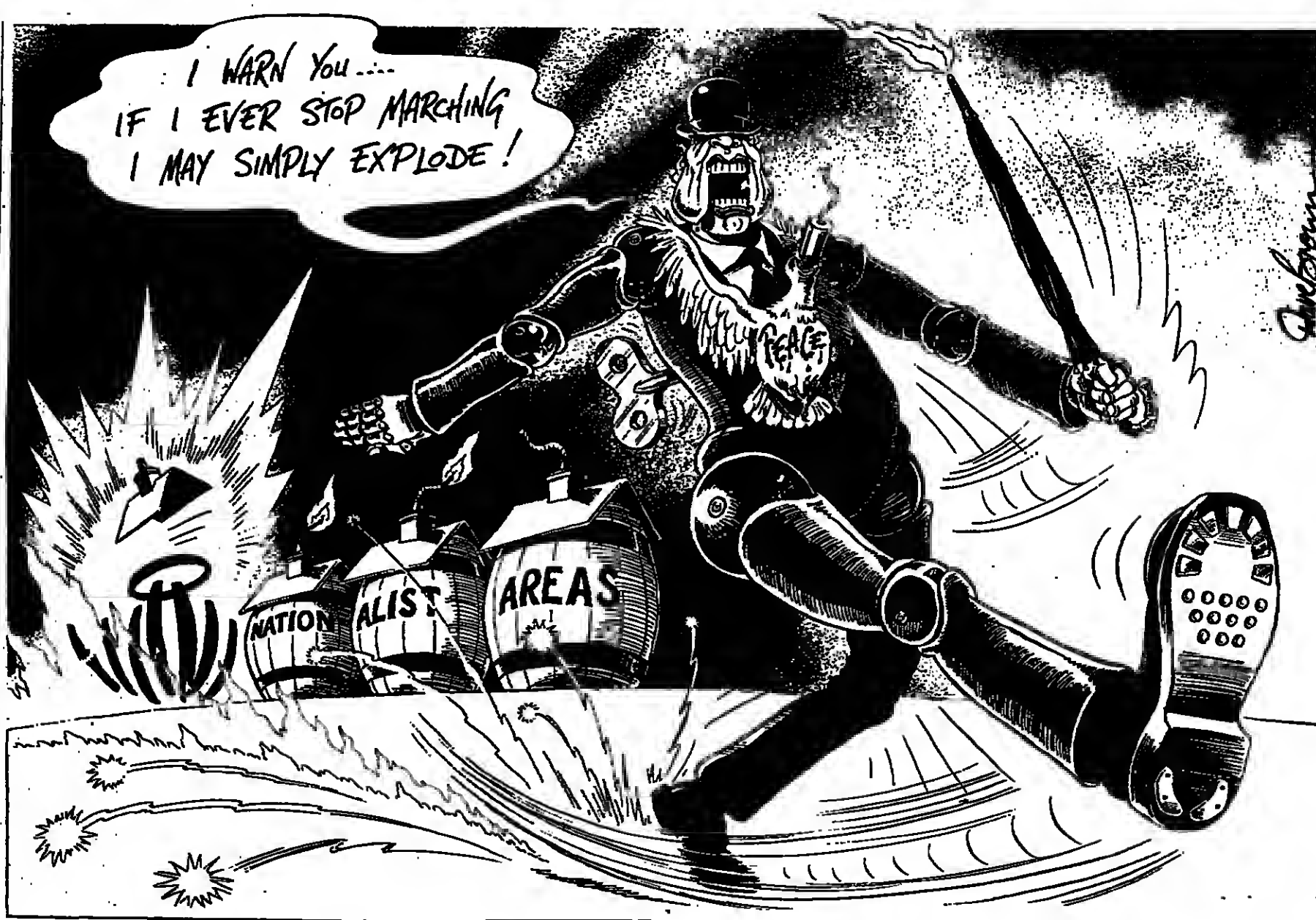
Sir: This Labour government has made its first mistake. It is not that the Orangemen marched so much as the manner of their marching. A principled decision, even one upholding the right to walk the Queen's highway without let or hindrance, would at least have laid claim to the respect of the nationalists. This surrender to the greater threat risks bringing the British government into contempt. Ronnie Flanagan, the RUC Chief Constable, might have been wiser not to give the Loyalist Volunteer Force cause for celebration by citing their murderous threats as motivation for his decision, but the blame does not lie with an official doing his best to fulfil a limited brief. Responsibility lies with the Secretary of State, Marjorie Mowlam.

Northern Ireland is a dysfunctional society. The rule of law has to be fostered, not just upheld. That is what Mo Mowlam has failed to do. Her actions have not struck at the culture of violence. Angry nationalists will conclude that as in the past force is what counts in the province. Decisions on parades are apparently awarded to the side that can come up with the most credible threat of atrocity in an auction of violence. Doubt not that the IRA will be bidding.

This mistake must be put right for the peace process to survive but Mowlam is perhaps now no longer the person to do it.

NICK MARTIN-CLARK
London N8

Sir: On Sunday in Portadown, not one of a thousand or so Protestant Orange marchers returning from Drumcree Church broke the law.



Scores if not hundreds of Catholics did. Which community deserves my support?

I ask as an English Catholic of third-generation convert stock, married to a Protestant and happy with my own personal cocktail: Catholic religion; Protestant history, literature and democratic tradition; mixed family. If I rioted every Guy Fawkes' Night when my neighbours celebrated the defeat of a long-past plot by disaffected Catholics I would be thought insane.

Faced with the public celebration of someone else's culture, there are several alternatives. One is to spectate, as at an interesting local phenomenon or historical survival. Another is to ignore it. A third is to cause trouble – easily the best way to cultivate a reputation for intolerance.

DAVID CRAWFORD
Bickley, Kent

Sir: Those of your readers who attend major sporting events will have noticed that, as with the marches in Northern Ireland, a substantial police presence is required. A large proportion of the cost is, however, met by the sporting body concerned.

The same rules do not apply in Northern Ireland, where Unionists and nationalists are able to parade around free of charge to them but with considerable expense to the rest of us. Perhaps Mo Mowlam could correct this anomaly.

PETER FAIRWEATHER
Faversham, Kent

both communities that it is respectable to be anti-Catholic and anti-Irish. These two days must be replaced with the same public holidays as in the rest of the UK.

E McATEER
Langley, Berkshire

Threats from outer space

Sir: John Brierley's letter (5 July) warning of a possible disaster in space from the Cassini mission is an example of the sort of scare-mongering that has done so much to give CND a bad name.

The sort of plutonium-powered radioisotope thermoelectric generators (RTG) Cassini carries have been used many dozens of times on NASA space missions without any release of radioactive materials or loss of life. Two missions with RTGs on board have had serious accidents – one was *Apollo 13* – but the RTGs worked exactly as designed.

The plutonium is in the form of a ceramic – plutonium dioxide – which makes the RTG extremely robust and the chances of a significant release of radioactive material under extreme conditions, such as the failure of the launch system or accidental re-entry of the vehicle into the Earth's atmosphere, very much less than one in a million, and then both slight and confined to the immediate vicinity of such an improbable event.

If Mr Brierley wants something to

worry about, perhaps he would like to consider what would happen if the distinctly more likely event of a one-mile wide asteroid hitting the Earth, with the probable loss of up to one billion human lives. He might consider how such a catastrophe might be prevented without sending nuclear weapons, into space.

JIM MANGLES
Worham, Norfolk

Sir: While America and much of the media celebrate 4 July by landing a spacecraft on Mars, I regard it as yet another nail in the coffin of planet Earth.

Every time rockets, usually powered by burning liquid oxygen, are sent into space, they not only produce vast amounts of carbon dioxide, to add to the greenhouse effect that produces global warming, but they burn holes in the protective layers of our outer atmosphere that shields us from skin cancers and helps to stabilise our climate.

Dr R HIGH
Haydon Bridge, Northumberland

Sir: Referring to the *Challenger* disaster, Ann Treneman writes, "Six men and one woman died on their way into space, but the joke was only on the one." (Space, women's final frontier, 4 July)

There were two women and five men on the *Challenger*, or doesn't Judith A Resnick count, because she was a professional astronaut?

PAUL BRETTE
Birmingham

Parenthood is good value

Sir: Your feature about the cost of child-rearing ("Got a spare £100,000?", 3 July) showed a depressing ability to count the cost of everything while understanding the value of nothing. For example, you entirely ignored the thriving business in second-hand equipment and clothes which dramatically helps many parents all over the country.

Of course being a parent is expensive. But please question the myth that good parents need to spend, spend, spend. The important demand on parents isn't money, but their time. That's the real impact on lifestyle. And the dividends are excellent.

Perhaps there should be a health warning to articles like yours: Children may affect your wealth – and having less money can seriously enrich your life.

ANDREW PARKINSON
Chudleigh, Devon

Hong Kong saved for the Empire

Sir: A full account of the events in Stanley Internment Camp which led to the restoration of British sovereignty over Hong Kong at the end of the Pacific War remains to be written, but the Rev FR Dowson's letter (2 July) is not in accordance with the best existing sources.

PAUL BRETTE
Birmingham

First, there was never a real possibility of "some other power" handing Hong Kong over to China, but of China itself taking back sovereignty in 1945, a plan which had some American support. Second, it was not Sandbach who was instrumental in restoring British administration – his position on the camp committee had no postwar significance – but Mr Dowson's unnamed "Colonial Secretary", Franklin Gimson, the official leader of the Stanley internees and the chief negotiator with the Japanese.

No doubt Gimson's mistrust of the camp committee was unjustified, and it is possible that Sandbach played a greater role than is currently acknowledged, but Mr Dowson's account must not be allowed to stand unchallenged. For good or ill, much of Gimson's policy in Stanley revolved around his desire to see Hong Kong return to British rule at the end of the war. Can anyone who was in Hong Kong in August 1945 shed any more light on these events?

Dr BRIAN EDGAR
Exeter

Sir: Browsing through your "Budget special" of 3 July, I was struck by the fact that none of your "specimen" people, chosen for the moment's fame of representing the public, actually earn their living by making anything. How could this be?

A clue came to light elsewhere in the paper in a brief but biting piece on the exploitation of garment workers in Burma. Have we really seen the sun set on the British Empire?

JON BENNETT
Bordeaux, France

Hopes for a TV election debate

Sir: Adam Boulton was not a party to any of the negotiations between the BBC, ITN, ITV and the political parties over the proposed leaders' election debates. His attack on us, arguing that we betrayed our public service remit and "must not be allowed to mess it up again" (Letters 3 July) is self-serving nonsense. Tony Hall in his article for *The Independent* ("The televised debate that never was", 2 July) and I in my recent speech to the European Media Forum have made clear how close the negotiations came to success, and why they failed – the parties were not prepared to make the marginal concessions which would have resulted in the debates taking place, and once the campaign started in earnest the politicians and broadcasters ran out of time to resolve the outstanding problems.

We all need to think hard and long about the lessons of that experience and how to ensure that in the next general election British voters, like their counterparts in most other democracies, can see the leaders of the main parties debate the major issues on television. One of the questions which should be carefully examined is whether a non-partisan body, such as the independent commission suggested by Stephen Coleman and Julie Hall (Letters, 5 July), could have a role in that process, which next time should start a good deal earlier than the eve of the election campaign.

For Adam Boulton to try to turn this complex and important question into a thinly disguised plug for Sky News is unworthy of him.

RICHARD TAIT
Editor-in-Chief
ITN
London WC1

A library of quoted styles

Sir: In calling the British Library "the Sidney Opera House of libraries" ("Opening chapter", 4 July), Nonie Niesewand is misinformed. Architecturally, the two buildings share nothing of value.

Jorn Utzon's masterpiece was original from its core, as his sparse competition sketches made clear in 1957. Like Hans Scharoun's Philharmonie and Alvar Aalto's Finlandia Hall, it stands as one of the great monuments of the freethinking wing of Modernism.

Conversely, Colin St John Wilson openly states: "This is where I say my thanks", to those he conducts round his library. And he is correct, for almost every detail has been quoted from modern masters he admires, making the whole just a revivalist's fruit salad, the fruits being canned.

Whereas Utzon is a true Modernist, Wilson has merely followed Post-modernism, "that great black hole into which Modernism fell".

PATRICK HODGKINSON
Bath

Green dome?

Sir: Will the designers of the Millennium Experience have the courage, I wonder, to plan a layout that will include no parking space at all for private cars? I fervently hope so.

GEORGE BRACE
Exeter

analysis

Yesterday's White Paper was the first fruit of Tony Blair's election promise to raise school standards. Judith Judd looks at the momentous task facing Education Secretary David Blunkett



Politics of the playground: Tony Blair and David Blunkett visit Avonmore Primary School in west London yesterday. Photograph: Rebecca Nader/PA.

Will Labour's plans pass the test?

After the rhetoric comes the action. Tony Blair's big idea, "education, education and education", yesterday started its journey towards realisation with the publication of a White Paper. The weekend hype is familiar. There will be zero tolerance of failure. There will be the highest assault on low school standards since the Second World War. There will be reforms that close the educational gap between pupils in Britain and our overseas competitors. There will be targets and development plans for pretty well everyone and everything.

With the possible exception of the new educational buzz-word, "targets", we have heard it all before: repeatedly from the previous government, the Thatcher government and, perhaps most significantly, from Mr Blair's Labour predecessor Jim Callaghan who, more than two decades ago, started a Great Debate on educational standards. Mr Callaghan's crusade foundered in the face of opposition from a cosily entrenched educational establishment.

The Conservatives did make a start. The introduction of a national curriculum and testing were steps along the road to school improvement. Regular inspection concentrated minds, but much of the rest of the package worked against improving schools. Teachers, who were the key to better standards, felt ill-used and denigrated. The decision to unleash market forces in education polarised schools: while the middle classes manoeuvred their children into the

posher comprehensives, the bottom 40 per cent were increasingly marooned in schools that were unpopular with both parents and teachers. League tables, which credited schools with the highest proportion of A-C grades, provided an incentive for teachers to neglect those expected to get only Es and Fs.

Even worse, the Conservatives became increasingly distracted by the politics of school organisation. The Major government was interested in persuading more schools to opt out, in boosting assisted places in private schools and, in its dying days, in bringing back grammar schools. Literacy and numeracy took a back seat.

The most important single feature of the White Paper is that it tries to end the national obsession with schools' pecking order and to focus attention where it matters: on the teacher in the classroom. Super-teachers will be rewarded for staying in the classroom, had teachers will go more speedily than in the past, and all will be judged on whether they are meeting targets. The most deprived areas will become education action zones, with extra money to hire good teachers. The previous government was already preparing a national curriculum for teacher training which prescribed teaching methods. This one is taking it over and going further: schools will have to timetable a "literacy" and, probably, a "numeracy" hour each day.

All that makes sense. So, in many ways, does the interventionist style of government described in the proposals. Ministers want to get a firmer

grip on the way schools spend money. There will be earmarked grants to reduce class sizes, to boost nursery education and to improve literacy and numeracy. The bulk of schools' money will still go into a general local authority pot, but the new arrangements must be an improvement on the days when councils siphoned off money destined for schools to build multi-million-pound civic buildings.

There will be tighter control, too, of how local authorities run schools. The Secretary of State for Education will take away powers from those that have consistently failed to raise standards, and will close failing schools himself if authorities fail to act. He will refuse money to councils that do not provide appropriate development plans or strict enough targets.

Ministers are in a hurry. They are grabbing new powers so that, unlike their predecessors, they will not be thwarted by ineffective local authorities. But the centralisation of power has its dangers. How many officials will be needed to scrutinise targets and development plans for school improvement, early years education and class-size reduction? Will the entire Department for Education drown in a morass of paperwork?

Most important, will Blunkett-approved teaching methods prove to be an effective way of raising standards? There are strong arguments for telling teachers about methods that work, but there is a fine line between giving them the tools they need and stifling their creativity. Impose too much detail, and you end up with bored teachers teaching even more bored children.

And compulsion, management gurus would argue, is not necessarily the best way to deliver home/school contracts or targets.

Even with his new powers, it is not clear what sanctions Mr Blunkett will be able to employ against schools or authorities that fail to meet their targets. At a seminar of educationists before the election, Mr Blair asked officials from Birmingham, which has pioneered target-setting: "And what happens if schools do not meet their targets?" Professor Tim Brighouse, chief education officer, had a swift reply: "Sack the chief education officer." It is not, Mr Blair knows, as simple as that. Like all legislation, the education Bill that follows the White Paper will deal with those schools and authorities that are failing badly rather than with the much greater number in the middle which could do better.

Other important questions remain unanswered. The emphasis on standards is welcome but the brief references to school organisation are inadequate: consultation papers on opting out and school admissions are promised. The previous government's market-forces philosophy created, according to the Audit Commission, "gridlock" in school admissions. Parents were unable to get their children into the schools of their choice because the many different types of schools have unco-ordinated admissions policies. As Mr Blair's sons head for the London Oratory (opted-out) and Harriet Harman's goes to St Olave's (grammar), it is politically tempting for the Government to play down opted-out schools, which control their own admissions. But the need for a planned admissions system is pressing. As any parent of a child at a sink school will tell you, structures matter.

Mr Blair has made education his priority. He will expect to be judged by his success in raising standards. Yet the Government's difficulty is that legislation, however interventionist, is not enough. What is needed is a change of culture. Schools, as Mr Blunkett has said, must have higher expectations of pupils and develop a "can-do" mentality. No school should be able to make its pupils' background an excuse for failure.

Mr Blunkett's leadership and his relationship with teachers will play a vital part in the change. His predecessors have usually come and gone with a dismissive glance over their shoulder on the way to a more interesting job - seven of them in 18 years of Conservative rule. Kenneth Baker, who moved to education from the Department for the Environment, said that it was "like moving from the manager's job at Arsenal to Charlton. You crossed the river and moved down two divisions." Mr Blunkett has made it clear that his outlook is different.

He has also shown that he has a different attitude to teachers. Previous attempts to reform education have failed either because the relationship between ministers and teachers was too cosy or because, in the case of the previous government, it was too hostile. Mr Blair and Mr Blunkett have adopted a new tack: they want to value teachers and challenge them at the same time. Their watchwords are "pressure" and "support". That balancing act, not target-setting or development plans, may hold the key to the success of the education revolution.

A minister in a class of his own

If spin doctors had wanted to design the ideal Labour secretary of state for education, they might have come up with someone very like David Blunkett, a man whose own life shows that his commitment to high standards for all is genuine and heartfelt. He has never been able to see, and went to a special school for the blind in Sheffield at the age of four. He came back to his family's home on a council estate only once a month. When he was 12, his father died in an accident at work and his mother had to make ends meet while she battled for compensation from the gas board. Only people who have never been poor, he says, have romantic notions about poverty.

He left boarding school in Shrewsbury at 15 without any O-levels after the headmaster told him he didn't believe in exams. But he went to night-school and day-release classes - in O-level physics he was allowed to describe experiments rather than draw them. Eventually, the man who had been assessed at 12 as having an IQ of 104 won a place at Sheffield University to read politics and modern history before becoming a teacher at a nearby technical college.

And unlike some of his cabinet colleagues, he has made uncontroverted school choices for his children. His three sons were sent to the struggling local Sheffield comprehensive. Mr Blunkett married at the age of 23 but divorced in 1988; at weekends he returns to Sheffield to spend time with his sons.

Though he once considered becoming a Methodist minister, he was always fascinated by politics. While still a student he became the youngest member of Sheffield City Council, where he was thought to be on the left of the party. In 1987 he became MP for Sheffield, Brightside, and, five years later, made it into John Smith's Shadow Cabinet as health spokesman.

His loyalty to Tony Blair has remained unshaken despite the difficulties created by the Blair's decision to send their children to an opted-out school. Soon after Mr Blunkett became his party's education spokesman in opposition, he was slapped down by the leadership for suggesting that VAT might be put on private school fees. No one had told him that the policy had been ruled out. He immediately fell into line and his place in the inner circle of senior ministers is now assured.

On education, his views are pragmatic. He says that he backs teaching methods that work whether they are considered to be right- or left-wing: solid mental arithmetic, discipline and homework. Children, he believes, should be grouped by ability. If any education secretary can inspire the teaching profession to join him in the pursuit of high achievement, it is David Blunkett.

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Northern Ireland, the next handover

I asked a rhetorical question last week. I asked why the handover of Hong Kong had dominated the news, when it wasn't actually that interesting, except as an odd postscript to our imperial days, which were over long ago. The man who said that Britain had lost an empire and not yet found a role said it nearly 40 years ago, and judging from our nostalgic gambblings in Hong Kong, it is still true. But it was hard to find any intrinsic interest in the Hong Kong handover except as a parade, or as a dusty piece of symbolism, and people were so desperately short of real news that they were driven to speculate on why Geoffrey Howe had RSVP'd a Chinese invitation and why John Major had stayed behind for Denis Compton's memorial service.

(The answer to this last question has been provided on a postcard from a reader this morning, who says that John Major went to Compton's funeral because la Thatcher was in Hong Kong.) But now that all the Hong Kong news is over, and it

has been blown magically from our screens as effortlessly as the morning mist is blown away by a sea breeze, or the English tanning is blown away by Shane Warne, I have discovered why our news media were taken over by Hong Kong last week.

It was to keep Northern Ireland out of the headlines. On Monday morning, yesterday, sure as eggs come six to a box, the lead item was not about 4,000 men of the PLA flooding into Hong Kong to crack down on democracy (for which there was no need, anyway, as the British had already spent 100 years cracking down on democracy in Hong Kong) but about violence in the province in the wake of the marching season, yawn. Mcree, yawn, Apprentice Boys, yawn, Orange, nationalistic, knit one, purl one.

Please don't misunderstand me. I think these old traditions are wonderful. I think it is charming that Protestants should want to dress up like undertakers and march along to primitive kindergarten music, with all



Miles Kington

the natural grace of traffic wardens at a regimental reunion. I don't think anyone should stop them, although perhaps they might find somewhere else to do it, closer to their own homes. I just don't think that anyone should treat it as headline news, or that we should have to know about it. Nor do I think this is a very daring idea, or one peculiar to me. I think they think the same in the Republic of Ireland. The last thing in the world that the Republic wants is to have Northern Ireland back. The reason that the British PM

and the Irish PM can never agree on anything is that the Irish PM does not want Northern Ireland back (but cannot say so) and the British PM is desperate to get rid of it (but has to pretend that he wants it). Northern Ireland is like the useless child in the playground that neither side wants to pick for its team. What makes it worse is that the unwanted child is turning into a dangerous petty criminal.

Of course I can't prove that the Republic thinks this way, but I was impressed by a Channel 4 St Patrick's Day broadcast I saw this year, on which a Dublin comedian was expressing his views on the marching season.

"It's very strange, this," he said, "a country where people have a marching season the way other people have hunting seasons or football seasons. I mean, how do they know when the marching season begins? Do they all start to get little up-and-down motions in their legs, little jerks of the knees, and they say, 'Ah ha! Time for marching!' And why haven't the Catholics devised better means of

neutralising marches through their areas? It's no use throwing stones. It would be much better if the Catholics actually joined in! Yes, marched along with the Unionists! Brought their own hands as well, playing at slightly different tempos! That would sort it all out, I think..."

Nice to know that Northern Ireland is seen as a bed of lunacy south of the border as well.

Still, I do have a solution to the problem. It came to me when I was talking to an old Hong Kong hand last week. He said: "What nobody has mentioned in all this is that although the Chinese don't like the British much, they can't stand the Cantonese either - and what we are doing in returning Hong Kong is giving them several million Cantonese back. Bad news for China."

What is my solution? To give Northern Ireland to China, perhaps as a present for the millennium. If nothing else, the men of the PLA should be able to restore law and order. I hope to expand on this at some future date.

Punishment, fear and humiliation – the bully's way

In all respects but one, the dispute between British Airways and the Transport and General Workers' Union, which represents cabin crew, is a typically tough fight between a large and aggressive company and a large and aggressive union. It is a heavyweight contest, but only in this respect does it resemble the miners' strike and the battle of Wapping between Rupert Murdoch and the printing unions in the Eighties.

Thus British Airways has prepared for the possibility of a strike, now due to begin tomorrow morning, by showing managers how to do workers' jobs, by lining up temporary staff and, it is believed, by training new cabin crew. Fair enough. Likewise the union has called three-day strikes, having balloted its members, and has made every effort to persuade unions at foreign airports to black British Airways flights during the dispute. Again, fair enough.

Not all the tactics of British Airways about which Bill Morris, the general secretary of the TGWU, complains, are obnoxious. The company has indeed attempted to impose a settlement on the cabin crew, but it has done so after five months of inconclusive negotiation, and after a smaller union representing cabin crew accepted the terms. To impose a deal is never an attractive option, but any management is entitled to try. Mr Morris also complains about British Airways' decision to close the union's offices on the company's premises. It was a bit of a spiteful thing to do, but that is what happens in tense situations.

It is likewise said that the covert aim of British Airways' chief executive, Robert Ayling, is to break the power of the Transport and General Workers' Union within the company by holding firm despite strike action, and by this means showing employees that neither their sacrifice of so many days' pay, nor the vaunted strength of their union, has brought them any reward. If this is Mr Ayling's objective, it is a bold strategy. But in turn trades unions try to break managements by taking steps to show that they are really the masters. In the old Fleet Street, newspaper managements were in thrall to the printing unions. So each side may try to break the other, though victories are hardly ever permanent and the havoc caused is considerable. I do not object to this *per se*.

In one respect, however, British Airways has done a terrible thing, and I am astonished that the non-executive directors should have supported the action, as I must assume they did. This is what cabin crew have been told will happen to them if they go on strike:

- they could be sued for damages as a result of the losses incurred by the company;
- they could be dismissed for breaching their contract;
- they will have removed any options for early retirement or severance available under various re-structuring schemes;
- they will not be eligible for promotion until March 2000;
- they will lose all their staff travel until March 2000.

I say it is a terrible action because it is designed to frighten ordinary people. British Airways' list of sanctions means that any stewards or stewardesses going on strike must



Andreas Whittam Smith
British Airways has done a terrible thing and I am astonished that the non-executive directors should have supported the action

contemplate being financially ruined by lawsuits and perhaps losing their homes as a result. This is the first time, to my knowledge, that such a threat has ever been made. Or perhaps striking cabin crew will merely lose their jobs. And if the company in its mercy decides not to visit these punishments upon them, then they know for certain that after the strike they will be on a blacklist for three years.

By introducing the notion of punishment for striking, British Airways demonstrates that it does not fully accept the right of people to belong to a trades union, a right which is expressly protected in British law and also secured by Article 11 of the European Convention on Human Rights.

The essence of union membership is that a group of workers may withdraw their labour if they so choose. Moreover, where unions give up their right to strike, as they may do in essential services, employees are compensated through special wage agreements. But this is not what British Airways is proposing. I mentioned the non-executive directors, because they are supposed to point out to hard-driving executives the full consequences of their actions. I think the company is engaging in an almost immoral procedure. It is, anyway, a species of bullying.

Even on a practical level, British Airways' punishment drill is likely to prove a mistake. When people are threatened they react with intransigence, sometimes with anger, often irrationally. If the stoppages do begin tomorrow, then simply because of the company's tactics they may be carried on for much longer than would otherwise be the case. Having been personally threatened, strikers may wish to hurt the company, even in contradiction of their own self-interest.

Moreover, after a settlement, on whatever terms, staff would return to their tasks in a fearful mood, frightened of their managers. The bullies might promise not to issue any more threats, but nobody would be much reassured. Indeed, depending on the outcome, staff might come back feeling humiliated. These consequences would arise only because punishment and fear had been introduced into the company's way of conducting its relationship with its employees.

Equally, people would come back divided into two groups: those who had worked through the dispute, and those on the blacklist. There is always tension in such circumstances. But consider how such hostility would be exacerbated as the co-operative workers obtained the perks and promotion that were denied to those who had been on strike. So, as well as a fearful staff, British Airways would find that it had divided teams. And these employees work not behind the scenes, far away, but in the aircraft, tending to the passengers.

For all these reasons I hope the company will withdraw the punishments it has announced for striking staff. In many ways British Airways is a wonderful airline. On Friday my newly-married younger son and his wife returned to Tokyo on British Airways. Their luggage was well over weight. When they explained that the excess was caused by wedding presents, all charges were waived. How nice. Thus, my advice to the British Airways board is: don't bully; stay friendly.

How Ulster marched into a new crisis

by Donald Macintyre

So where do we go from here? Mo Mowlam made no attempt, speaking on the steps of Stormont Castle yesterday, to disguise the extent to which the Orange men's march through Garvaghy Road, Portadown, on Sunday, had been a setback to her hopes of making political progress in Northern Ireland.

After 36 hours of widespread riotous violence in nationalist areas it still is not possible to forecast, and may not be at least until the scheduled 12 July Orange parades in Derry and Belfast this Saturday, the level of conflict on the streets over the next few weeks. But Dr Mowlam has every reason to be as disappointed as she said she was yesterday that no deal was reached to prevent the Portadown parade from going ahead.

For the benefits of the march not going ahead were precisely those that ministers and officials had spent out with such conviction to the Portadown Orangemen and any of their allies who would listen during the days before 6 July. The Orangemen were warned, for example, that by insisting on the march they would be walking into "an IRA trap"; that if the march took place it would harden support for Sinn Féin, as it clearly has done, and that for the march to go ahead was therefore precisely what the provisions wanted. They were warned starkly – and by a range of figures which included one or two senior Conservative politicians – that insistence on the march might endanger not only peace, but also, if the province slid into anarchy, possibly in the longer term the very preservation of the Union they profess as their most cherished objective. In addition, it was pointed out to the Orangemen that it would significantly improve their own standing to waive their right to march; by being seen as magnanimous they would have acquired a new store of political capital to invest in the future. Conversely, if they went ahead, they would be seen not to be standing loyally by the UK government when such loyalty was supposed to be their *raison d'être*. Finally, at Friday night's meeting at Yurgan, she even promised the Orangemen that they could have their parade at a date later in the year. And agreed to put that in writing.

Thanks to the document unearthed by David McKillick, it is now clear that the Government recognised as early as 20 June that there was little hope of a deal; but whether to be able to say she had tried everything, or because she still had flickering hopes, or both, she did not give up.

She was given conspicuously little help from leaders of the two main Unionist Parties. David Trimble, whose high-profile support for the Drumcree march in 1995 may have



The writing on the wall in the Falls Road, Belfast, yesterday

Photograph: Peter Macdiarmid

Dr Mowlam has every reason to be disappointed that no deal was reached to prevent the Portadown parade going ahead

helped to secure him the leadership of the Ulster Unionist Party, insisted on Friday that the march should go ahead. But there were other voices urging moderation on the Portadown men – most strikingly a heavily unequivocal leading article on Saturday in the pro-Unionist *Newsletter*, which urged the Orangemen to waive their right to march. Surely Dr Mowlam could have cited these allies, banning the march and making simultaneously public all the efforts she had made to persuade the Orangemen to do voluntarily with honour what she now felt bound to oblige them to do by force of law?

That sounds quite persuasive; though it is now clear that allowing the march with conditions was thought to be a likely option on 20 June. But Government sources remain adamant that the final decision for the march to go ahead was Chief Constable Ronnie Flanagan's alone, and that it is a complete misunderstanding to think that there was some form of "negotiation" between him and Dr Mowlam. Suggestions that Mr Flanagan wanted a ban and Dr Mowlam didn't are utterly dismissed; on the contrary, while there appears to have been no

disagreement between the two, any difference of emphasis is likely to have been the other around. The sources argue also that the risk assessments of the security forces had to take account of daily changing circumstances; but when it came to it, Mr Flanagan's view was that the balance on public safety grounds, both because of the risk of sectarian attacks on Catholics by loyalist paramilitaries and because of a stand-off at Drumcree like the one that built up last year, was in favour of the march going ahead. While the two main paramilitary loyalist groups are – in notable contrast to Sinn Féin – maintaining their ceasefire, a breakaway group, the Loyalist Volunteer Force, present in Portadown, is not. In any case, the threat of a stand-off at Drumcree – and possibly attendant loyalist violence across northern Ireland – appears to have impressed ministers.

In theory, Dr Mowlam could have taken the very bold step of deciding under Section Five of the Public Order Act to overrule the advice of the security force chiefs and ban the march on grounds that were, effectively, political. But there would have been grave risks for a

government in doing that; perhaps particularly grave for a Labour government. Dr Mowlam and Tony Blair, who was in fairly constant touch with his Northern Ireland Secretary over the past few days, would have been going against the security advice given at the highest level. Suppose subsequently there had been RUC men killed, or at least that reprisals had been taken against them by loyalists in the communities they come from and there had been a subsequent collapse in RUC morale. It would have made a vital relationship, that between Dr Mowlam and Mr Flanagan, extremely difficult to sustain. The immediate consequences nevertheless were looking bleak last night. It is hard to overestimate the uphill struggle Dr Mowlam will have in reconnecting with ordinary

nationalist opinion. It's no doubt easy to dismiss those who shouted out "no ceasefire" as the march passed, or threw stones at the departing troops after the parade was over, as naive young men easily manipulated by active republicans. When Martin McGuinness and Gerry Adams call for street protests they know exactly what the consequences will be. But on the Garvaghy road on Sunday it was also possible to speak to respectable working-class women of late middle age who would no more think of throwing a stone or beating a dustbin lid or shouting obscenities than of going to Mars – and who were almost rigid with disappointment, frustration and anger as the march went through.

With her typical energy, Dr Mowlam threw herself yesterday into a fresh round of meetings designed to avert a fresh crisis at the weekend. It seems almost inconceivable that having been allowed to march at Portadown through Garvaghy road, the Orangemen will be allowed down the Ormeau road in Belfast on Saturday. But she is going to have her work cut out for many months after that.

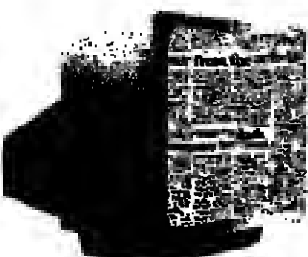
Give us this day our news on the hour

Accused of pandering to the baser appetites for sex and violence, British press and television adopt the demagogue of the mischievous child: half apologetic, half glorying in their own crudity. And this very response illustrates the deeper problems of the media in our culture.

The problem is twofold. First, press and television have taught us the permanent enjoyment of a pleasure our ancestors knew hardly at all: the thrill of learning of new events, or developments in old ones. Second, our minds become scattered and sclerotic as we learn to understand our lives in ever-changing fragments of news and opinion, two or three columns long.

It was something of a gruesome breakthrough in this evolution when Ted Turner discovered that there was an audience for news 24 hours a day. The punters would put up with almost endless repetition as long as some little sliver of novelty – a new fact, an opinion slant – could keep the river of information ever new and refreshed.

The real point is that the media constitute a form of secular worship which has pushed aside the old God. Journalists are the servants of what we most passionately worship: namely, change. The point can be easily made by pointing out that religion in newspapers, if



The media constitute a form of secular worship that has pushed aside God... and reporters are the priests of this cult of the ephemeral, says Kenneth Minogue

it exists at all, is but one department among many others such as international news, travel, fashion and much else. Now the whole point of any religion is that it is a way of understanding the whole of life. It cannot just be a department.

Newspapers and television departmentalise everything, and that means that they are themselves the whole of life to which we respond.

They provide us with a stream of understandings of absolutely everything we get up to. This leads us to the conclusion that the media are themselves a form of religion. They reflect and amplify our most basic impulses and beliefs.

The difficulty in understanding this point results from the fact that the attack on Christianity in the last couple of centuries (by the Enlightenment, by Marx and other socialists, by positivist scientists) has named its target not as Christianity but as "religion" in general. Religion was attacked as bigotry and superstition, and intellectuals particularly often acquired a visceral hatred of it. They identify religion with the special characteristics of Christianity – belief in God, transcendence, miracles and so on. They contrasted religion with reason. To be explicitly religious in the modern West, certainly in Britain, is commonly to cut against popular opinion.

But this is not the end of the matter. Religions can be of many different kinds. In an important sense, all human beings have a religion – some overarching set of beliefs that explains why their daily doings have meaning for them. In our secular Western countries, then, we seem to have the remarkable – in one sense, impossible – phenomenon of large numbers of people without any religion at all.

It was, I think, the German philosopher Hegel who remarked, two centuries ago, that reading the newspapers had replaced the practice of daily prayers. Prayer is intended as a continuing relationship with God. The interesting question is what the newspapers connect us with. And the answer, I think, is that they connect us with the world, with fragments of science and history in a popularised form, and above all the community we live in – the thing called "society".

According to Marx, that was basically all there was. Man was essentially a social creature. All the main Western religions (Christianity, Judaism, Islam, in their many varieties) have been concerned with the ambiguous position of death, one of those universal facts that almost infallibly provokes a religious response. For Marx, death was simply a biological accident. What this means is that he conceived of human

beings as organisms "plugged into" (as it were) the cultural and technological thing called "society", which continued over time with a changing cast of individuals. Human beings are born, and will die, but society is the one (more or less) immortal thing they are connected with.

The modern versions of secularism haven't quite followed Marx all the way. They are too much concerned with valuing happiness in the here and now for that. Happiness is their central concern, but since the conditions of happiness are infinitely variable, it translates into rights, needs, experiences and all the rest of what we demand from time to time.

The very term "society" – the medium within which we live according to current secular belief – functions in many ways just like that of "God" in Christianity. Margaret Thatcher slipped unwittingly into the secular version of atheistic blasphemy in remarking (talking about something quite different) that "there is no such thing as society". To doubt the reality of society is, according to this piety, to condemn us to greed and the solipsism of being merely isolated fragments rubbing against each other. "Only connect" said EM Forster. Society is what connects. Each day our minds

are focused on the social ephemera which constitute our world, our society. Reporters are the priests of this cult, sustaining our communion with each other by telling us about the doings of others. Its theologians are the columnists who propose, oppose and then synthesise opinions on the basis of creative perversity, so that in one sense, every logically possible opinion gets tossed into the froth and contributes its momentary coloration to the spirit of the time.

Traditional religions, and some Cooledgean philosophers, affirm that human existence is remarkably mysterious. They find ways of standing back from the flow of daily ephemera to reflect upon what the whole looks like. It is this possibility of detachment before the wonder of the world which is diminished by our lust for news. Everything (including my own argument) is understood in terms of two- or three-column blocks of argument and information. It is all hard, clear, fully explained, and gives us a little kick, but we know that tomorrow will bring new preoccupations and new arguments.

The author's study on the corrupting effects of the media, *The Silencing of Society: the true cost of the lust for news*, is published by the Social Affairs Unit at £7.50.

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Midland – Bank Account	1.05	13.30	NONE
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BUSINESS & CITY EDITOR: JEREMY WARNER

Regan's senior lawyer quits to reduce 'embarrassment'

Nigel Cope
City Correspondent

The Co-op affair claimed another victim yesterday when one of the senior lawyers who advised Andrew Regan on his audacious £1.2bn break-up bid resigned from his firm.

Travers Smith Braithwaite, the City legal firm, said Nigel Campion-Smith would leave at the end of the month to reduce the "embarrassment" the affair had caused it. Mr

Campion-Smith, 42, was the key partner who advised Galileo, the Lancia Trust offshoot that was the vehicle for the Co-op's failed bid.

Alan Keat, senior partner at Travers Smith said: "When our firm's involvement in the bid was criticised, Nigel felt responsible for the embarrassment which the firm suffered and he made clear his wish to do everything possible to reduce that embarrassment."

"Having deliberated fully, he and we feel that the interests of the

firm would be best served if he were to leave the partnership and we have therefore, with great regret, accepted his resignation."

The fall-out from the failed bid has been severely damaging for Mr Regan's former advisers such as Hambros Bank and Travers Smith.

Peter Large, the key corporate financier at Hambros who worked on the Co-op bid, has already stepped down from his executive duties pending the Norton Rose inquiry into the bank's role in the affair.

Hambros paid £750,000 to the CWS in compensation for its role. Travers Smith is thought to have paid around £500,000 in compensation.

The Norton Rose enquiry is expected to be completed soon. However, Alasdair Douglas, managing partner of Travers Smith, declined to say if the timing of Mr Campion-Smith's departure was due to the report's initial findings.

Travers Smith would not say if Mr Campion-Smith would receive

compensation for loss of office. A Cambridge graduate, he has been a partner at the firm since 1982 and has been one of its most prominent figures.

The firm also declined to give the precise reasons for Mr Campion-Smith's departure, or whether other resignations would follow. "As far as we are concerned, the matter is closed," Mr Douglas said.

However, the Regan camp is understood to be unhappy about

the legal advice it received during the bid.

The matter is now the subject of a Crown Prosecution Service and Greater Manchester Police investigation into alleged criminal activity.

Mr Campion-Smith was also involved in the setting up of County Produce, the Co-operative business formed by Mr Regan's team to act as a front for its break-up bid.

County Produce was set up in November 1995 as a corporate mem-

ber of the CWS. The plan was to use it as a way of calling an emergency general meeting of the CWS to consider the Galileo proposal.

The Co-op affair is the second time in 10 years that Travers Smith has become embroiled in a City scandal.

It was the legal adviser to County NatWest in the Blue Arrow affair in the 1980s. However, the firm and Alan Keat, now its senior partner, were cleared of any wrongdoing.

Industrial fall halts the pound in its tracks

Diane Coyle
Economics Editor

News of an unexpected decline in manufacturing output sent sterling temporarily lower on the foreign exchanges yesterday. Manufacturers cut production by 1.1 per cent in May, in the highest monthly decline in nearly four years.

Most economists still expect the Bank of England to nudge interest rates up by a quarter point to 6.75 per cent after its Monetary Policy Committee meets tomorrow and on Thursday, but the manufacturing figures came as enough of a shock to halt the pound in its tracks.

It lost two pence against the mark, falling to DM2.93 when the figures were released, before recovering to DM2.95. The instalment prospect of 10 French francs to the holiday pound remained just out of reach, with sterling ending nearly unchanged at FF9.94.

The Office for National Statistics said export levels had held up and were not responsible for the drop in output. It also revised up past output levels from earlier estimates.

But some analysts warned nevertheless that it could be the first hard evidence that the strong pound was damaging industry. Michael Saunders, UK economist at Salomon Brothers, said: "We already

know from surveys that export orders have weakened sharply."

The steepest fall within manufacturing in May came in the export-dependent engineering sector, where production dropped 2.3 per cent during the month. A survey by the Engineering Employers' Federation today is expected to confirm a big decline in export orders during the latest quarter.

Production of textiles and clothing fell too, down 0.9 per cent during the month. Beyond manufacturing, there was also a sharp drop in mining and quarrying, but electricity, gas and water output surged by 2.9 per cent.

Output can be extremely volatile month to month, and the suspicion that May's fall was a counterpart of a surprise gain in April was boosted by the detail. Output of consumer durables dropped 3.5 per cent in May after jumping 2.2 per cent in April. Output of other consumer goods and "intermediate" products was little changed.

But yesterday's figures showed that in the three months to May manufacturing output was virtually flat. It was a modest 1.7 per cent higher than the same period a year earlier.

David Mackie, an economist at JP Morgan, predicted this would not be subdued enough to deflect the Bank from rais-

ing base rates for the third month running.

"If you look across the whole range of indicators, manufacturing is doing all right. It is not booming like services, but it is not teetering on the brink of recession," he said.

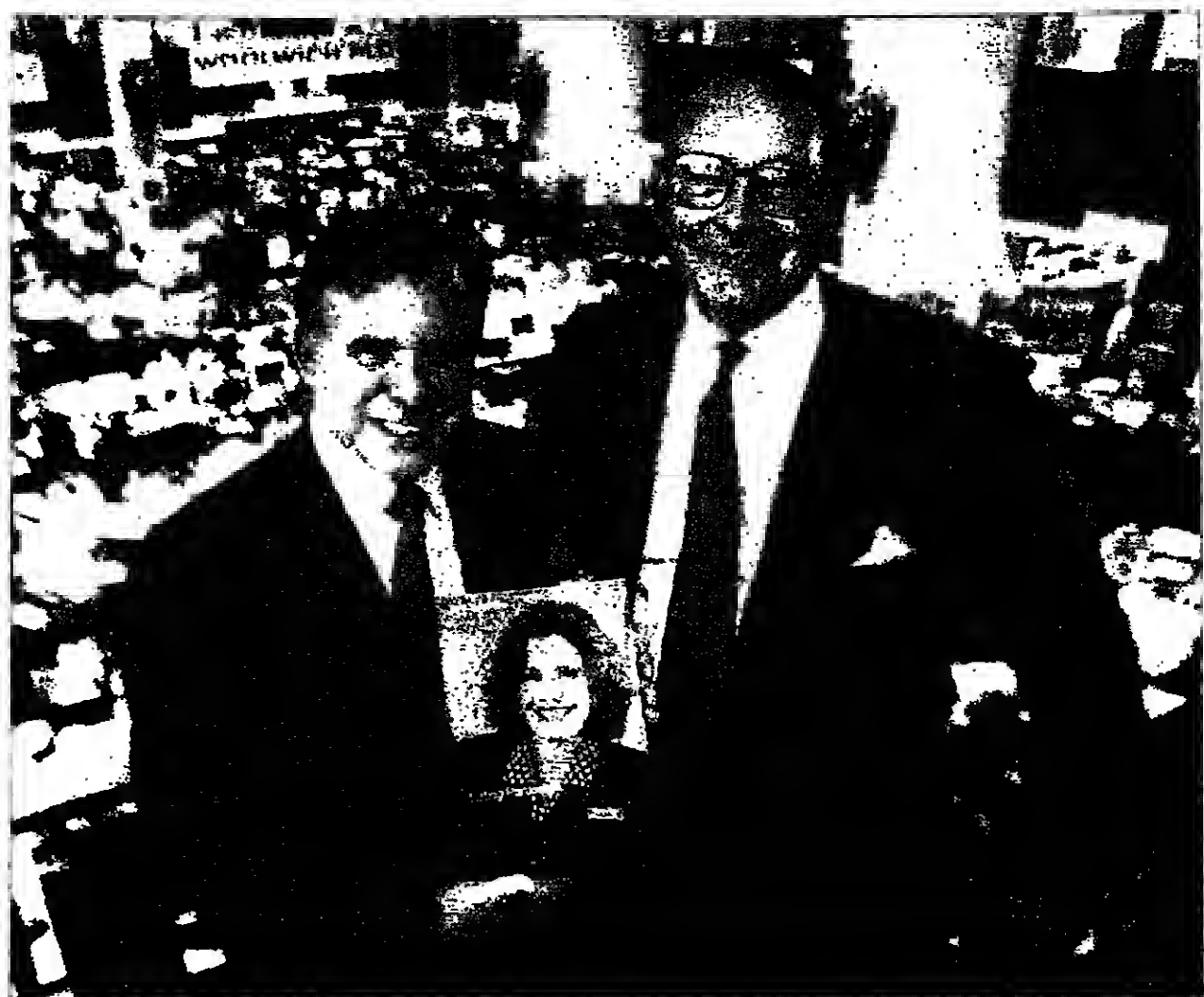
Recent business surveys have indicated that the strength of home demand has been enough so far to offset weakness in export orders. Yesterday's figures were therefore out of line with other indicators.

Most City analysts think the Bank of England's experts on the Monetary Policy Committee will be swayed by the past month's fresh evidence that consumer spending is on the wane. The news that nearly a quarter of the people receiving free shares from the Woolwich are selling them immediately, cashing in £1bn, will have done nothing to reassure the Bank.

"It remains likely the manufacturing sector will be sacrificed on the altar of consumer buoyancy," said John O'Sullivan at NatWest Markets.

Simon Briscoe at Nikko Europe said the weakness of manufacturing would restrain the Bank. "Another two urgent quarter point rises could be the extent of the increase this year," he said.

The level of base rates is expected to climb to 7.5 per cent by next spring.



On a high: John Stewart, left, and Simon de Zoete, joint vice chairman of BZW, above the dealing floor Photograph: PA

Windfalls close to £2,200 as Woolwich storms on to market

Tom Stevenson
Financial Editor

Woolwich stormed on to the stock market yesterday, beating even the most optimistic expectations for its share price as it abandoned 150 years of mutual ownership. Bid speculation and the new bank's strong position in the buoyant south-east housing market gave it a flying start as a quoted company.

The shares, which had been expected to open between 300p and 330p, started trading at 373.5p before easing back to close at 334p as some traders attempted to drive the price lower to ensure cheaper shares in a series of auctions this week.

As with the summer's three previous flotations of giant financial institutions, demand from big City investors ahead of entry into the FTSE 100 index is expected to boost the shares in the first days of trading.

Even more than Halifax, Alliance & Leicester and Norwich Union, Woolwich received a hoist from hopes it will be an early victim of an expected consolidation in the banking sector. Analysts said yesterday the shares were trading well above their fair value.

At yesterday's close, the average windfall for former Woolwich building society members was worth £2,194. The minimum handout of 450 shares was valued at £1,500 at the end of first dealings.

John Stewart, chief executive, admitted the share price was higher than expected, and more than twice Woolwich's initial forecast of between 175p and 200p, but said the price reflected "a very attractive set of businesses". With 5 per cent of the UK's mortgage market and a strong bias to the affluent south-east, where house prices have soared in the past year, an-

alysts believe the new bank would be a choice acquisition for a larger financial institution.

Although relatively small in sector terms, the price of Woolwich shares in the market yesterday means the bank will stroll into the FTSE 100 index with a market capitalisation of over £5bn. It is likely to be one of the 50 largest companies in the UK.

A sizeable proportion of former members have indicated they plan to sell their shares immediately. A series of auctions this week will see around 23 per cent of the shares transferred to institutional investors.

The crystallisation of more than £1bn of windfalls is certain to add to fears that the consumer boom, barely touched by last week's Budget, is running out of control. The Consumers' Association yesterday added its voice to calls for restraint, writing to the Treasury Minister, Helen Liddell, with a demand for a 12-month moratorium on further conversions.

Woolwich members who hang on to their shares can look forward to the prospect of a second handout with Mr Stewart holding out the prospect of a distribution of excess capital. Woolwich is well-capitalised, with more than three times the minimum amount of Tier 1 capital that banks are required to hold.

If, as expected, Woolwich announces a share buy-back at next spring's annual meeting, shareholders could expect to share in another £800m windfall. The driving force behind Woolwich's strong early showing was the growing expectation that the sector is ripe for consolidation. According to Salomon Brothers banking analyst John Leonard: "We're looking at a situation where the economics of further consolidation is pretty compelling."

Comment, page 19

Merrill sites £300m HQ in the City

John Willcock

Merrill Lynch, the giant American investment bank, will announce today that it will build a £300m head office on the site of the old Royal Mail sorting office in King Edward Street, London.

Merrill, which is number one in the world for underwriting equities and issuing debt, wants a fifth of its profits outside the US, and is on record as wanting to increase this proportion to 50 per cent as soon as possible. The London-based European operation is seen as key to that expansion. The 500,000 sq ft building will enable Merrill to house 1,000 more people in London, and represents a big vote of confidence in the City as a world financial centre.

The development will be a feather in the cap for Michael Marks, Merrill's chief operating officer for Europe and former Smith New Court boss, who has been in the post for two months.

Merrill refused to comment yesterday. However, a consultant close to the deal said that the bank had considered moving to Canary Wharf in London's Docklands but turned down the idea. It is understood it was worried about travel times to and from Canary Wharf, and the impact on recruitment and retention of staff.

The development site is behind Barts Hospital and near Paternoster Square. It includes one listed building, currently being used as the head office of Post Office Counters, which will be preserved. The sorting office, which takes up most of the site, will be demolished.

It is understood that Merrill will transfer its staff from Ropemaker Place in the City to the new building when it is completed in 2001. The bank intends to retain its building in Farringdon Road, which houses the former Smith New Court market making operation, and its private client business in Chester Street.

Merrill's plan follows the move by rival investment bank BZW to new offices in Canary Wharf. Citicorp is building its own landmark head office in Canary Wharf.

Bad spelling uncovers scam

Tom Stevenson

Details of an elaborate scheme to steal money from the banking system emerged yesterday as the Serious Fraud Office secured a conviction against the scam's organisers and "stooge" recipients of almost £2m of fraudulent money transfers. The scheme, which ended after a high-speed car chase across Oxfordshire, was foiled after a simple spelling mistake linked 131 forged letters around the country.

Richard Culverhouse, 53, was yesterday found guilty of ob-

taining property by deception in the case brought by the SFO and the West Midlands Police fraud squad. Seven others, who had allowed their accounts to be used to receive falsely authorised transfers, pleaded guilty. As did the scam's five organisers.

Between December 1995 and May 1996 they forged letters of authority from customers of one bank to transfer funds to an account at another bank. The details were obtained by asking the victim companies for their bank account information, under the pretext of setting up a

payment under the Clearing House Automated Payment System, and by researching letterheads and directors' signatures at Companies House.

Despite operating in more than 20 different police areas to try and keep one step ahead of the SFO and the police, the letters of authority were linked by the consistent misspelling of the word "sincerely" when signing off the correspondence.

At the peak of the scheme, the perpetrators were seeking to obtain more than £1m a month.

National Power pensioners get a second chance

Chris Godsmark
Business Correspondent

National Power pensioners were yesterday given a second opportunity by a High Court judge to fight the company's use of pension scheme surpluses to help fund its post-privatisation redundancy programme.

In an unusual step, Mr Justice Walker agreed to reopen the court case after lawyers representing the pensioners discovered what they claimed was a "fundamental flaw" in his earlier judgment.

Solicitors from Lovell White Durrant, representing the pensioners, predicted the company could have to pay back £100m into its pension fund if the judge decided in their favour.

Last month Mr Justice Walker had ruled against pensioners from National Power and National Grid, who had campaigned against the employers' use of pension fund surpluses to fund the increased costs to their pension schemes of voluntary redundancy programmes.

The two groups went to court

after the Pensions Ombudsman, Julian Farrand, decided they had "misused" the surplus cash. Had they lost the case, the privatised power industry could have had to pay back more than £1bn.

In court yesterday the judge decided to hold a further hearing as soon as possible to assess the new arguments. He also rejected National Power's request to submit additional evidence to the court.

The pensioners' lawyers will argue that National Power breached Inland Revenue rules

following its decision in the early 1990s to pay money into its pension scheme in instalments to cover the increased redundancy burden. By 1993 it owed its pension scheme £188m, as thousands of staff opted to leave the company. When a £305m surplus was signed off by its trustees in 1993, the company offset the money against these outstanding liabilities.

In a statement yesterday the company said: "National Power is absolutely confident that there has been no material

error of fact and that the judgment will stand."

National Grid pensioners, who are not directly affected by the National Power developments, yesterday lodged an appeal against the previous court ruling.

However, their solicitor, Peter Woods from Stephens, Innocent, said the new issues raised in the National Power case could also apply to the Grid, where the company used £48m of a £62m surplus to fund its redundancy costs. He said if the same argument about

instalment payments was applied to the Grid, the company could have to repay £7m to its scheme.

It also emerged that the two Grid pensioners who brought the original case, Reg Mayes and David Laws, have asked the Trades Union Congress for financial help to fight the appeal. The company has refused to back their planned application to the High Court to decide whether the pension scheme would pay appeal costs likely to run into tens of thousands of pounds.

STOCK MARKETS									
Index	Close	Day's change	Change (%)	1996/97 High	1996/97 Low	Yield (%)	Index	Close	Day's change
FTSE 100	4810.70	-2.10	-0.0	4831.70	4056.60	3.39	Nikkei	22600	-200
FTSE 250	4426.90	-26.10	-0.6	4729.40	4426.90	3.74		21000	-200
FTSE 350	2308.00	-3.30	-0.1	2320.90	2017.90	3.46		20000	-200
FTSE SmallCap	2224.38	-2.24	-0.1	2374.20	2178.29	3.18		19000	-200
FTSE All-Share	2257.42	-3.19	-0.1	2269.36	1899.78	3.44		18000	-200
New York	7914.81	+19.00	+0.2	7995.81	5032.94	1.63		17000	-200
Tokyo	19705.17	-262.63	-1.3	20681.07	17303.95	0.80		16000	-200
Hong Kong	14858.58	+35.61	+0.2	15196.79	12055.17	2.92		15000	-200
Frankfurt	3972.64	+30.31	+0.8	3972.64	2848.77	1.91		14000	-200

Source: FT Information

INTEREST RATES

Short sterling*

Month	Rate (%)
Jan 89	7.20
Feb 89	7.00
Mar 89	7.12
Apr 89	7.10
May 89	7.08
Jun 89	7.04
Jul 89	7.00
Aug 89	6.96
Sep 89	7.00
Oct 89	7.04
Nov 89	7.10
Dec 89	7.12
Jan 90	7.10
Feb 90	7.08
Mar 90	7.04
Apr 90	7.00
May 90	7.04
Jun 90	7.08
Jul 90	7.10
Aug 90	7.08
Sep 90	7.04
Oct 90	7.00
Nov 90	7.04
Dec 90	7.08

UK medium gilt*

Month	Rate (%)
Jan 89	6.25
Feb 89	6.15
Mar 89	6.15
Apr 89	6.15
May 89	6.15
Jun 89	6.15
Jul 89	6.15
Aug 89	6.15
Sep 89	6.15
Oct 89	6.15
Nov 89	6.15
Dec 89	6.15
Jan 90	6.15
Feb 90	6.15
Mar 90	6.15
Apr 90	6.15
May 90	6.15
Jun 90	6.15
Jul 90	6.15
Aug 90	6.15
Sep 90	6.15
Oct 90	6.15
Nov 90	6.15
Dec 90	6.15

US long bond

Month	Rate (%)
Jan 89	6.00
Feb 89	5.80
Mar 89	5.80
Apr 89	5.80
May 89	5.80
Jun 89	5.80
Jul 89	5.80
Aug 89	5.80
Sep 89	5.80
Oct 89	5.80
Nov 89	5.80
Dec 89	5.80
Jan 90	5.80
Feb 90	5.80
Mar 90	5.80
Apr 90	5.80
May 90	5.80
Jun 90	5.80
Jul 90	5.80
Aug 90	5.80
Sep 90	5.80
Oct 90	5.80
Nov 90	5.80
Dec 90	5.80

* 100% New Treasury market

* Treasury 2 1/2% 1990

Money Market Rates

Index	1 Month	1 Year
US	6.75	7.44
US	5.90	6.03
Japan	0.66	0.78
Germany	3.08	6.19

* Benchmark indices

Bond Yields *

Medium Bond (%)	5 Year	Long Bond	(%) Year Ago
10 Year	7.01	7.04	8.21
5 Year	6.25	6.81	6.67
2 Year	6.15	6.23	-
1 Year	6.15	6.35	6.26

MAIN PRICE CHANGES

Roses	Price (p) Change (p)	Change (%)	Fallies	Price (p) Change (p)	% Change	
Eurofloral Pto/SA	81.5	6.5	8.7	Low & Bonar	282.5	19
Tomkris	278.5	14.5	5.5	Eurotherm	320	20
Fistabus	215	9.5	4.6	Vickers	182	10.5

CURRENCIES

\$/£

Year	Rate
1979	1.60
1980	1.88
1981	1.65
1982	1.75
1983	1.70
1984	1.80

€/£

Year	Rate
1979	2.00
1980	2.50
1981	2.20
1982	2.30
1983	2.40
1984	2.50

\$/¥

Year	Rate
1979	160
1980	180
1981	165
1982	175
1983	170
1984	180

Oil Brent \$/bbl and RMB and S\$ Brent \$/bbl

Power				Boiler					
Yesterday		Change	Year Ago	Yesterday		Change	Year Ago		
\$ / (London)		1.6845	-0.31c	1.5609	\$ / (London)		0.5936	+0.11	0.6409
\$ / (New York)		1.8875	+0.00c	1.8875	\$ / (London)		0.5928	-1.44	0.6416
\$ / (London)		2.3383	-2.07c	2.3590	\$ / (London)		1.7448	-0.91p	1.8035
\$ / (London)		188.307	+2.49p	182.815	\$ / (London)		112.375	-1.26p	110.375
\$ / Index		103.3	-0.7	104.0	\$ / Index		101.9	-0.5	97.2

OTHER INDICATORS

Yesterday		Day's chg	Year Ago	Index		Latest	Yr Ago	Next	Yr Ago
Oil Brent \$		18.26	+0.01	19.51	APR		155.84	+0.28	156.90
Gold S		318.95	-5.55	324.50	8 Jul				
Gold S		129.38	-2.95	141.23	GDP		109.74	+2.50	107.00
					25 Jul				
					Base Rates		10.00	-0.75	10.75

informative:

With effect from 8 July 1997, the First Direct Cheque Account and Premier Cheque Account rate for unauthorised borrowing is increased by 0.3% p.a. to 22.50% p.a. (EAR 24.8% variable).

Debit Cards

With effect from 1 August 1997, the charge for the following facilities will change from 2% of the transaction value (minimum £1) to 1.5% of the transaction value (minimum £1.50):

- Overseas usage of First Direct cheque cards in cash machines, or point of sale payments (only cards displaying the Maestro or Cirrus symbols can be used abroad).

Please note that withdrawals made in the UK from cash machines belonging to the following, are free: Midland, NatWest, TSB, Royal Bank of Scotland, Abbey National, Halifax, Clydesdale, Northern Bank, Bank of Ireland (withdrawals in the UK from other cash machines will be charged).

- Overseas usage of eurocheque cards in cash machines and point of sale payments, and the overseas usage of eurocheques (within the eurocheque scheme).

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السؤال من المرحل



COMMENT

With a heavy bias to the booming South-east housing market, and the affluent customer base that comes with it, Woolwich is likely to prove irresistible to its over-capitalised peers

Woolwich gets its share quote; but for how long?

There was never much doubt Woolwich would make a sparkling stock market debut, notwithstanding last year's spot of bother with the landscape gardeners. Not only is the bank a must-buy for tracker funds, its new shareholders were looking forward to a buyback before they had even received their certificates and it looks a dead cert to be an early victim of the consolidation sweeping the financial services sector.

With a heavy bias to the booming South-east housing market, and the affluent customer base that comes with it, Woolwich is likely to prove irresistible to its over-capitalised peers. Both the Scottish banks are desperate to increase their exposure south of the border and Halifax has £3bn burning a hole in its pocket – it is not a question of whether, but when and how. In the brave new world of multi-product bancassurers Woolwich is hopelessly focused on its traditional lending and borrowing businesses. It has tried to add a few unit trust and PEP bells and whistles, but it knows it can't compete with its bigger rivals. How much of that is reflected in yesterday's higher-than-expected first-day closing price is anyone's guess in a sector where the valuation goal posts appear to shift daily. Those who remember banks trading on five times earnings and offering yields of over 8 per cent will be horrified by present ratings. At yesterday's close, Woolwich's shares stood on a prospective price/earnings ratio of almost 20 and yielded only a little more than 3 per cent. Compared to the small discount to net assets that banks have tradition-

ally traded on, Woolwich's three times book value looks ambitious.

No-one's going to care too much about all that, however, if an auction develops for Woolwich's plum customer list. While the terms of the 1997 Building Societies Act appear at first sight to rule out a bid for five years, what they actually do is ensure a high, agreed take-out price. With any potential predator needing to persuade 75 per cent of the bank's shareholders to waive the takeover protection provisions, a serious bid is unlikely to be pitched at less than 450p a share. Valuations may have lost touch with reality but the ride is probably not over yet.

Birt's problems at BBC are far from over

With new Labour safely elected, John Birt, director general of the BBC, will be sleeping a little more easily than he was. The future of public service broadcasting, and the licence fee to fund it, looks that much safer. But, as today's annual report is expected to show, the task of competing in the increasingly commercial world of broadcast TV just keeps getting tougher and tougher. Most business people would kill for the sort of problem the BBC has – a guaranteed income. Unfortunately, it is not all upside. For a start the licence fee has to be constantly justified and fought for – and with Auntie now priced out of the market for live sport and Hollywood, that's a lot more dif-

ficult than it was. Man cannot live on East-Enders and Teletubbies alone.

But perhaps worse than that, the fixed licence fee means the Beeb has limited scope for growing its revenue. That in turn means spreading a fixed pool of money more and more thinly in the fight for audience. It can readily be seen that a vicious circle of decline culminating in removal of the licence fee is never far from becoming a reality.

For the time being the BBC is maintaining its position admirably. Last year, its share of UK viewers and listeners held steady at 45 per cent. So far this year it may have grown slightly. No problem there, then. The trouble is that from this year onwards the BBC will be spending 9 per cent of its revenues annually on the conversion to digital. That's a long way from betting the shop on the Beeb's digital future, as Mr Birt has already observed, but nonetheless it means less money for programming and less money for trouncing the competition.

The BBC's great white hope is its commercial arm, BBC Worldwide. This seems to offer a real chance of exploiting the brand internationally and developing sizeable commercial revenues outside the licence fee. Recently announced deals with Fleetch and Discovery Corporation have the potential to create considerable value for the BBC. Even here, however, progress seems to be slow and relatively unambitious. The BBC has set itself the target of tripling the contribution from Worldwide over the next 10 years to around £200m, which sounds and

is impressive. However, at less than 10 per cent of revenue from the licence fee, it's not enough to transform the corporation's finances. So although Mr Birt can expect rather more sympathetic treatment from the present Government than the last, his management task remains as daunting as ever.

Two views on why the pound is so strong

One of the deepest mysteries of the financial markets is why exchange rates move the way they do. There are two main-line views on why the pound is as strong as it is. One predicts that sterling will fall back sooner or later because its strength simply reflects the fact that the UK is at a more advanced stage of its interest rate cycle than other European economies. Demand in Britain is booming, and interest rates will probably climb for another 12 months. Although the big continental economies are starting to recover, few analysts think they will raise rates before the end of this year.

That makes sterling a decent one-way bet for currency traders, for the time being at least. But the position will flip when the UK economy starts its downturn ahead of its trading partners – perhaps by the middle of next year. British interest rates will start falling while European rates are still heading up.

Ebbing and flowing prospects for the single currency complicate this outlook. When EMU starts to look less likely, the

Deutschmark gains at the expense of the pound. However, this undercurrent – the idea of sterling as a safe haven – probably has less impact on exchange rates than business cycle fundamentals.

The main alternative explanation for the super, scrawny pound is that the British economy is stronger and more competitive than it used to be. Businesses have emerged from two harrowing recessions in a lean, mean and competitive state. International investors have therefore re-evaluated Britain's economic prospects and the strong pound is an expression of their vote of confidence.

If this is the explanation, the pound will stay high and there is no relief in prospect for industry. The problem with this theory is that if true, our commerce shouldn't need any relief. If a strong exchange rate is simply a reflection of industrial strength, as the strong Deutschmark in the past mirrored the might of German industry, it is not going to bring British business to its knees.

So although there is a genuine policy dilemma for the Bank of England, in the sense that it would be preferable not to have had a 20 per cent exchange rate appreciation in less than a year, the dilemma is not as acute as many commentators suggest. In any case, a single decline in the notoriously erratic figures for manufacturing output should not tilt the balance away from the next increase in base rates when all the other indicators suggest that industry is still holding its own, while consumers are dancing all the way down the high street.

Vodafone unveils a new image in chase for growth

Chris Godsmark
Business Correspondent

Vodafone, the UK's largest mobile phone group, yesterday attempted to kick-start flagging growth in its subscriber base by launching a new corporate image coupled with a rationalisation of its retail chains.

The new identity will replace six different high street brands with a single Vodafone logo, a redesign which cost the company £250,000. It means the group has in effect ditched the legacy of the 1980s, when the Department of Trade and Industry tried to encourage competition between independent service provider chains which sold wholesale airtime to customers.

The changes follow Vodafone's recent takeover of service providers including Peoples Phone and Talkland, which increased the number of retail and distribution businesses to six, many of which were competing against each other. Almost 90 different tariffs would drop sharply, while five separate computer billing systems would merge into one.

In the process Vodafone will close two offices, the former

headquarters of Peoples Phone in Cridgewood in north London and Astec in Cheltenham, with the loss of up to 300 jobs. The group said no more than 250 staff would be made redundant out of the 3,500 employed across the business, while staff numbers would rise by the end of next year.

Combined with the new billing system, Vodafone



New look: The logo replaces six brands

predicted the rationalisation would knock £20m off its profits this year, which had been forecast by analysts at between £585m and £615m. Chris Gent, chief executive, said future profits would improve by £10m in the following year and £35m in 1999. The news knocked 7p off Vodafone's share price, which ended at 299p.

"We believe that these

changes are a fundamental prerequisite to achieving higher growth in the years to come and to sustaining Vodafone's position as the UK market leader," said Mr Gent.

Analysts said the reorganisation was inevitable in the face of stiff competition from newer challengers. "It became apparent ever since the rise of Orange and One 2 One, which can sell to customers in a much more coherent and unified way, that Vodafone had to grasp the situation," said one analyst.

Despite a disappointing drop in sales growth during the spring, Mr Gent repeated his bullish predictions for the UK mobile market. He claimed the company would win 500,000 net new customers each year over the next 3 years.

In addition, the total mobile market of 7.4 million would expand to 20 million over the next 10 to 12 years. The proportion of people with mobile phones would surge from 13 to 35 per cent, a level seen only in Scandinavia. Vodafone recently dropped from being one of the fastest expanding networks to being the slowest growing of the four UK operators.



Jeff Banks gives Barclays staff a £4m makeover

John Willcock

Jeff Banks, the designer, launched Barclays Bank's new range of "corporate wear" yesterday for its 18,000 staff, in a £4m exercise that spells the end of the bank's trademark turquoise jacket.

The old Barclays blue uniform is well recognised by

the public but loathed by the staff. In a virtual rebellion by branch workers, Barclays was forced to come up with a new look – the "Elite Collection". Now they can choose from a wide range of contemporary styles, including elegant saris for Hindu staff and a maternity pinafore dress.

Mr Banks, looking dapper

himself in a light brown single breasted suit, no tie and "Kee Clarke" suede lace-ups, paid tribute to Barclays' vision: "Few blue chip companies would take such a bold step as this. They're blazing a trail."

The designer compared Barclays' initiative favourably with NatWest, whose own corporate uniform is "very discipl-

ined – they have to wear the same thing every day, which they find tedious". He insisted this was not a "uniform", rather a range of clothes which staff can mix and match.

At the launch at the Design Museum in London, Mr Banks explained that he had been briefed by the bank staff themselves around the country.

"One thing they didn't want was the old brilliant turquoise jacket – they said it made them feel they were working for a holiday business."

Such corporate makeovers are big business in the UK. Last year the corporate clothing market was worth up to £380m, and it has grown by 90 per cent over the last nine years.

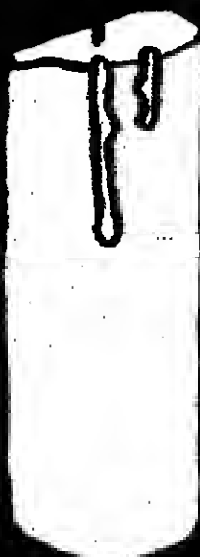
Bank statement: Designer Jeff Banks shows off his new mix-and-match range for Barclays, and (above) the old-style turquoise uniform, well recognised by the public but loathed by the staff

Main photograph: Nicola Kurtz

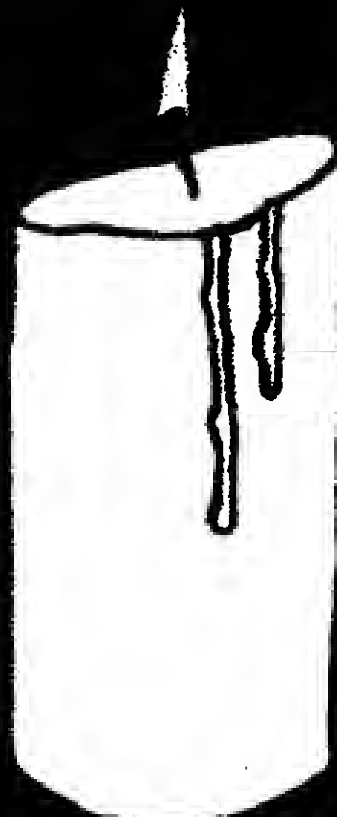
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FKI secures Bridon in £131m bid

Clifford German

FKI, the acquisitive, Halifax-based engineering company, yesterday announced an agreed £131m bid for Bridon with a raid on the stock market for shares in the wire and rope maker, a move which was designed to lock out any counter bidders.

The market raid on Bridon's shares was successful, netting FKI 22.33 million shares, equal to a 29.9 per cent stake in Bridon. The big institutional sellers included PDM, M&G Investment Management, Britannic Assurance and Gartmore.

The takeover has been pitched at 175p for each share in Bridon, which is based in Doncaster. The bid price is 25 per cent above the market price



Jeff Whalley: Acquisition fits FKI's industrial strategy

of Bridon shares at the close of business on Friday, and represents a 65 per cent premium over the price on 27 June – the

day before the two sides announced terms were being held. A loan note alternative paying 1 per cent below Libor will be available if demand for it tops £5m.

Brian Clayton, Bridon's chairman, said yesterday that the deal made sound industrial logic. FKI's chairman, Jeff Whalley, said the acquisition was in line with the company's industrial strategy. Bridon has 3,500 employees and a dozen manufacturing sites, five of them in Yorkshire and the North-east of England. It also has 125 distribution outlets world-wide. The head offices will be merged but most, if not all, of the sites and employees will be kept on.

Some £300m out of Bridon's annual turnover of £362m in

1996 fits perfectly with FKI's existing chain and lifting gear business. The Bridon distribution system will also help increase sales of FKI products, according to the company's chief executive, Bob Beeston.

The deal, though, runs contrary to comments by FKI last month that after having spent £280m on acquisitions it had established the base for organic growth without the need for further acquisitions. At the time it reported a 24 per cent growth in profits to £112m, including organic growth of 14 per cent. Mr Beeston said yesterday, however, that a takeover of Bridon had been in the pipeline for the last four years.

Bridon has had a difficult few years trading. Last year it made a profit of £7.3m, after report-

ing a small loss in 1995. Asset value is 146p a share and the exit price is 17 times this year's prospective earnings per share of 10.5p. The current year had got off to a good start. Mr Beeston said yesterday.

The acquisition costs will increase FKI's gearing to 114 per cent, but will be earnings enhancing for FKI in the first year according to Mr Beeston. Shares in FKI, which is also taking on £40m of debt, fell 3p to 157.5p.

The chairman and non-executive directors of Bridon will step down, and FKI will decide within the next month whether it wishes to keep on any or all of the four executive directors. If not, they will leave on the terms of their existing contracts.

IN BRIEF

France 'will meet single currency criteria'

The French government continued to insist that it would meet single currency criteria in time for the 1999 launch, despite growing evidence that its budget deficit would miss the Maastricht target. At a meeting of European finance ministers in Brussels, Dominique Strauss-Kahn, the economics minister, rejected suggestions that French economic difficulties could force a monetary union delay. France is already preparing the ground for bad economic results, however, by advocating a broad interpretation of the Maastricht rules. Estimates suggest that the new Socialist government is heading for a budget deficit of more than 3.5 per cent of gross domestic product this year. Mr Strauss-Kahn talked of the need to speed tax harmonisation to help boost earnings in the run up to the single currency launch.

ScotAm in £15bn Prudential shake-up

The Prudential will transfer management of Scottish Amicable's £15bn of policyholder funds from Glasgow to its London-based Prudential Portfolio Management. The move follows the £2.8bn acquisition of the Scottish mutual insurer in March. Job losses and the possible impact on the Scottish financial sector were contentious issues during the battle for control of ScotAm and the Pru's winning bid included guarantees that job levels at its Craigforth headquarters near Stirling would be maintained for three years. Those assurances, however, did not include the investment management business nor its 125 employees.

Rolls and Bentley sales motor ahead

Sales of Rolls-Royce and Bentley motor cars in the first six months of 1997 have continued to grow, following increases achieved in each of the last two years. Retail sales of 1,029 were 13 per cent ahead of the 912 sales achieved in the first half of 1996, thanks to product developments on Rolls-Royce and Bentley models, together with innovative leasing programmes in the UK and the US. The UK market achieved the strongest growth, with a 36 per cent increase over the same period last year while the Americas increased 7 per cent.

Glaxo sells Scots plant for £40m

Glaxo Wellcome is selling its manufacturing facility at Annan, Scotland, for £40m to Chirx of the US. The proposed agreement includes a five-year contract for Chirx to supply intermediates and active ingredients to Glaxo Wellcome. Chirx, a contract manufacturing organisation, said it planned to invest £30m in Annan over the next five years and did not expect to make compulsory redundancies among the 170 staff at Annan.

Council agrees £30m Slough settlement

Slough Estates has reached a settlement with Welwyn Hatfield District Council over the High Court award of damages to the company in a judgment issued by Mr Justice May on 29 July 1996. A total of £29.75m will be paid by WHDC to the company in settlement of the original £49m award. It follows the judgment that the Council had been found guilty of fraudulent misrepresentation with a view to inducing Slough Estates to proceed with the Howard Centre in Welwyn Garden City. Slough's chairman, Sir Nigel Mobbs, said the settlement represented a "pragmatic solution in view of the limited funds available to the council and its continuing statutory obligations".

Im-Bru maker trebles profits

AG Barr, the Glasgow-based soft drinks maker best known for its Im-Bru product, reported a profit of £3.7m for the six months to 26 April, more than treble the first half of the previous year on turnover up 8 per cent to £50.1m. Robin Barr, chairman, said "turnover has been affected by recent wet weather".

Company Results

	Turnover £	Pre-tax £	EPS	Dividend
AG Barr (t)	50.1m (46.2m)	3.7m (1.02m)	13.3p (3.82p)	4.0p (2.0p)
Barrill Pharmaceuticals (p)	6.5m (5.2m)	302,000 (153,000)	5.9p (1.9p)	2.0p (1.2p)
Barrill (p)	353.7m (320.1m)	8.1m (7.6m)	4.3p (3.7p)	1.4p (1.25p)
Carroll Engineering (p)	146.2m (136.8m)	13.5m (10.2m)	15.4p (20.7p)	10.75p (10.75p)
First Information (t)	476,000 (1.8m)	-131,000 (1.27m)	-0.7p (0.0p)	nil
Law & Bower (t)	215.2m (211m)	21.3m (26.2m)	15.3p (16.43p)	4.25p (4p)
Tomkins (p)	4.8m (3.6m)	431,800 (222,900)	21.51p (18.08p)	11.45p (9.95p)
Total Systems (p)	3.3m (2.9m)	412,545 (222,320)	2.70p (1.6p)	1.35p (1.0p)

(p) - Final (t) - Interim (m) - Nine months

What Everyone Wants sounds third warning

Nigel Cope
City Correspondent

What Everyone Wants, the discount retailer dubbed "What Nobody Wants" by its critics, issued its third profits warning in as many months yesterday, forcing the shares to an all-time low.

The shares fell 2.5p to 7p after the company said poor trading conditions meant that pre-exceptional losses would be in excess of £4m "subject to the finalisation of year-end stock provisions". The company's last warning in April had forecast a break-even position.

Yesterday, WEW said trading in June had been below expectations. It has earmarked eight stores for closure by the end of August which will result in a charge of £2.8m against the accounts.

Though the group is trading within its banking limits it has appointed Coopers & Lybrand

to advise the board on the options for the business. These include the seeking of offers for the company. However, WEW said yesterday that no formal offer had been received.

A central problem for WEW has been poor trading at its older, unconverted stores which form the bulk of its 80-strong portfolio.

Only nine have been converted to a brighter new "quality for value" format. And though these are said to be trading well, the long tail of older stores continues to act as a drag on performance.

In the new stores the average transaction value is 20 per cent higher than in the unconverted outlets. They also stock more upmarket ranges in shops branded as "The Store" with the What Everyone Wants logo displayed less prominently.

But with the company strapped for cash it now has insufficient funds to roll out the conversion programme in the

way planned. The company had hoped to have 20 of the new look stores by the end of the year, though this will now be reviewed.

Last month Richard Boland, WEW's chief executive, sold half his shareholding in the company after the company's end-of-May profits warning. He sold 80,000 shares at 14p in raise £11,200. He said he had sold the shares to pay a tax bill.

It was Mr Boland, who joined the company from Sears, who initiated The Store concept. He has been joined by James Millar, the former William Low chairman, who is the WEW chairman. WEW was previously run by the entrepreneur Philip Green.

The company's shares have had a torrid time recently. In late October they were trading as high as 19.6p.

But they have been sliding ever since and yesterday's fall values the company at little more than £10m.

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Tomkins should be applauded for this change of heart

Tomkins, the conglomerate that makes a bewildering array of products from Mr Kipling cakes to Smith & Wesson guns, is the last company you would call fashionable. In fact it has positively eschewed trendy ideas such as giving spare cash back in shareholders or demerging businesses. Instead, chairman Greg Hutchings was intent on making another large acquisition. That was until yesterday when Tomkins stunned the market by announcing a radical change in strategy. It is going to spend £100m buying back its own shares over the next few months. And more share buy-backs are on the cards.

Mr Hutchings' explanation for the U-turn is far from convincing. He claims that the market is still in a bull run and acquisitions are just too expensive at the moment. But the market was in the middle of a bull run six months ago when a share buy-back was definitely ruled out. More likely he has bowed to pressure from US investors, which now own a fifth of the shares and traditionally favour buy-backs. After all, the shares have underperformed the stock market by a third over the last few years.

Whatever the real reason for the change of heart, Tomkins should be applauded for its decision. Its cash pile has diluted earnings growth. In fact Tomkins' return on capital employed was just 5 per cent last year, against a cost of capital of around 10 per cent.

These raw figures hide the fact that most of its businesses are making a return in the mid-teens. And last year's £870m acquisition of Gates, which makes fan belts and the like for car engines, has proved a cracking buy. It made an operating profit of £48m in the second half of the year, and margins have risen sharply to more than 9 per cent. The recent £372m of windscreen wiper manufacturer Stant looks another promising buy, and should produce strong synergies with Gates.

Of course Tomkins still has plenty of underperforming businesses. Once again its US bicycle and lawn mower business produced a poor result, with profits down 17 per cent to £29.7m.

A flood of cheap Chinese imports and price-cutting from its main domestic competitor, Huffy, is to blame.

But at least Mr Hutchings is finally willing to shed some of the under-achievers.

Analysts reckon businesses with a turnover of around £500m will be sold, raising perhaps £400m to fund acquisitions and more share buy-backs.

Pre-tax profits for the year to May rose by a third to £432m. Analysts forecast current year profits of around £500m, putting the price ratio of shares on 12. Good value.

Budgens runs to stand still

For a tiddler in a cut-throat market, Budgens has not done badly over the past couple of years.

It has juggled its 108-store portfolio to match the offer to local markets, improved its fresh food to attract "top-up" shoppers and concentrated on fine-tuning distribution to cut costs.

Budgens has even signed some innovative link-ups such as with BP and Q8 to open convenience stores on petrol forecourts. It has 11 such sites with plans for 20 to 25 by next April.

Meanwhile the group has expanded its higher-margin own-label range to more than 25 per cent of goods sold.

Tomkins: At a glance

Market value: £3,350m, share price 278.5p

Trading record 1993 1994 1995 1996 1997

Pre-tax profits (£m) 171 257 303 323 432

Dividends per share (p) 6.35 7.38 8.55 9.95 11.45

Profits by sector

FY 1996/97 FY 1995/96 FY 1994/95

120 100 80 60 40 20 0

Share price and FTSE 100

released, July 1996=100

200 180 160 140 120 100 80 60 40 20 0

share price index

FTSE 100

share price index

Lesson in Low's fall from grace

Low & Bonar's dramatic fall from grace since its profits warning last October carries a salutary warning. It was surprising that investors had not taken a more cynical look at the company which, despite the well-publicised horrors of the paper and packaging market, was managing to huck the trend. While rivals Rexam and Arjo Wiggins were falling like ninepins, Low & Bonar's tight cost management and acquisitions had been enough to keep profit and margin growth going. However, with most of the fat cut and big packaging acquisitions passed through, Low has finally run out of momentum and is as exposed as the rest in the pound and cut-throat price competition.

On sales just 2 per cent higher at £215m, profits for the six months to May fell 16 per cent to £23m, walloping margins by almost 2 points to 11 per cent. Though Low is pushing into faster growth areas like plastics, with still

more than 60 per cent of its sales in the mature packaging sector, the group has been hit hard by overcapacity in Europe. Customers have been tough and contract prices have fallen by as much as 10 per cent, says Jim Heilig, chief executive. And with raw material prices no longer soaring, packaging groups negotiating contracts are short on pleading power.

Sterling remains a severe problem, lopping £3m off profits, £1.9m from the group's specialist materials business. Though the group's gearing at 27 per cent still leaves room for perhaps £100m of acquisitions in the less competitive niche plastics and specialty side, where customers have less of a stranglehold on prices, the shift will take time. Since the profit warning, Low's shares have fallen from 574p to 262.5p after another 19p drop yesterday.

Crédit Lyonnais Laing has downgraded full-year forecasts from £54m to £45m. Given the gloomy outlook, 9 times earnings is fair.

Bloodstock profits gallop ahead

Andrew Yates

Profits at the British Bloodstock Agency, the racehorse broker, nearly doubled to £302,000 in the year to March. Horse sales and prices have galloped ahead due to strong demand from Japan, the Middle East and an Irish syndicate.

"The Royal Family of Dubai, which owns and trains by far the largest number of horses in England and France has been a strong buyer. The Saudi Arabians have been buying a lot and the Japanese remain very keen," the company's chairman, Major Christo Philipson, said yesterday.

Buyers are being attracted by the recent surge in prize money available from international horse meetings. The company acts as an agent, selling horses for clients around the world in return for a commission. Its biggest deal was the sale of Lammtarra, the 1995 Derby winner, which was purchased by a Japanese buyer for £30m (£18m). British Bloodstock sold a record 237 horses

at the Tattersalls auction, the main event of the horse trading calendar which is held at Newmarket. The average price of horses sold at Tattersalls rose by more than 50 per cent.

But Major Philipson warned that these sort of price rises are not sustainable. "The price of top horses rose sharply. But there should only be a steady increase in prices at the autumn auctions. Prices are unlikely to get carried away as they did in the late Eighties and early Nineties," said Major Philipson.

Meanwhile, British Bloodstock plans to take advantage of the strength of demand in the Far East by expanding its operation in China, Taiwan and Korea.

John Harvey-Barnes, finance director, is retiring this autumn after 19 years with the group. His successor, James Beazley, until recently worked with Prince Khalid, one of Saudi Arabia's largest horse trainers.

British Bloodstock increased its dividend payout by a quarter to 2p a share.

Billiton 'excused' double tax hit in £5bn flotation

Sameena Ahmad

Billiton, the metals group planning a £5.1bn stock market flotation this month, said yesterday it had been given "assurances" by the Treasury that it would be excused from a ruling announced in the Budget forcing companies to take a double taxation hit on dividends paid out of foreign earnings.

Mick Davis, finance director said the new measure would have been "very material" to the group's flotation plans, but that a personal meeting with the Paymaster General "entitles us to be confident that this will not affect us".

Mr Davis said he expected the exemption to be applied to other companies, suggesting the Government may do a U-turn on this hugely unpopular measure. "I'm sure it's not a solution just for us, but a generic solution," said Mr Davis.

Should Billiton be singled out for exemption, it would leave Rio Tinto, Billiton's bigger rival, facing a double tax bill on the 70 per cent of its dividends paid out as a "foreign income dividend" from non-UK earnings.

The comments came as Billiton, which is being demerged from the South African mining group Gencor, published details of its pathfinder prospectus.

Brian Gilbertson, chairman said the group would use the \$1bn-£1.5bn raised to expand in a range of privatisations in South America, but said he could not be specific on spending plans.

"The best returns are from being ready and able when an opportunity presents itself," Mr Gilbertson denied suggestions that the board was too heavily represented by Gencor directors. "These are the people who have shown their ability to take risks."

Asked to compare the group against its only UK stock market comparator Rio Tinto, he said, "We will be much smaller. Growth comes more easily to a smaller company."

Midland
The Listening Bank

Midland Interest Rates for Business Customers

New business rates effective from 8 July 1997

	Gross %	Gross CAR %
Money Master		
Up to £5,000	2.97	3.00
£5,000+	3.27	3.30
£25,000+	3.56	3.60
£100,000+	3.66	3.70
£250,000+	3.85	3.90
Premium Business Account		
£5,000+	4.32	4.40
£25,000+	4.80	4.90
£100,000+	5.04	5.15
£250,000+	5.23	5.35
Clients Premium Deposit Account		
£25,000+	4.21	4.25
£100,000+	4.65	4.70
Education Account		
Up to £25,000	4.13	4.20
£25,000+	4.61	4.70
Treasurer Account		
Up to £2,000	1.00	1.00
£2,000+	1.74	1.75
£10,000+	3.69	3.75

Gross: The rate before the deduction of tax. CAR: Compound Annual Rate, or the true Gross return taking into account the frequency of interest payments.

All rates quoted are per annum.

With effect from the 9th June 1997 Base Rate has been increased by 0.25% to 6.50% p.a.

Midland Bank plc, 27-31 Poultry, London EC2P 2BK.

Member HSBC Group

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market report / shares

Data Bank	
FTSE 100	4810.7 -2.1
FTSE 250	4426.9 -26.1
FTSE 350	2308.0 -3.3
SEAQ VOLUME	763.3m shares
Gilt Index	97.28 +0.01
Share spotlight	
share price, pence	
ICI	481.0
BT	145.0
Shell	125.0
British Airways	110.0
British Petroleum	105.0
British Telecom	100.0
British Steel	95.0
British Airways	90.0
British Petroleum	85.0
British Telecom	80.0
British Steel	75.0
British Airways	70.0
British Petroleum	65.0
British Telecom	60.0
British Steel	55.0
British Airways	50.0
British Petroleum	45.0
British Telecom	40.0
British Steel	35.0
British Airways	30.0
British Petroleum	25.0
British Telecom	20.0
British Steel	15.0
British Airways	10.0
British Petroleum	5.0
British Telecom	0.0

ICI strikes a chord in American investors' portfolios

Taking Stock

MARKET REPORT

DEREK PAIN

stock market reporter of the year

The Americans have fallen in love with Imperial Chemical Industries. Although profits are being buffeted by the relentless strength of sterling and forecasts reduced, the shares are displaying remarkable resilience.

US investors seem to have latched on to ICI following its £4.9bn acquisition of Unilever's specialty chemicals division. Then the shares were around 700p. They rose 20p to 823.5p, within hailing distance of their 12 month peak.

The imperious advance is in stark contrast to the performance of many of Britain's industrial powers.

They have been weighed down by the pound's profit-sapping strength, the trend to higher interest rates and, after last week's Budget, the threat of increased pension contributions. ICI has ignored such developments.

Yet, as if to underline the

damage sterling is doing to its profits, NatWest Securities has slashed its estimates. It has moved from £490m to £430m and from £700m to £610m. Last year's figure was £490m.

It appears the new lock-ICI, with its determination to raise £3bn from disposals in the next three years to cut debt, has touched a US investment chord.

The group has already made a start through the proposed sale of its 62 per cent stake in its Australian offshoot which could produce £1bn.

The Unilever deal is seen as the first strategic move to re-inforce ICI following the merger of the Zeneca drugs group four years ago. Since then ICI shares have been completely overshadowed by the tip-roaring Zeneca performance.

US influences also spurred Cadbury Schweppes. The soft drinks and sweets group was at



DEREK PAIN

stock market reporter of the year

one time up 25p with American investors keen to stockpile.

But Cadbury, which closed up 17p at 563.5p, is never far from the takeover mill.

Unilever, following its chemicals deal with ICI, has cash to spare and could feel Cadbury, valued at £5.5bn, would represent a useful add-on to its branded operations.

The American interest in Cadbury is, on trading considerations, surprising. For the British group, it would appear, is having a bruising time in the American soft drink market.

British Aerospace was another to climb on bid hopes, up 32.5p to 1,345p. General Elec-

tronic Co, the market's favoured stock, should offer year's figures today and, perhaps, a few clues about its plans.

The rest of the stock market was pulled out of deep lethargy by New York. At one time Footsie was down 36.4. With the Dow Jones Average in uncharted territory during London hours it ended with a mere 2.1 fall at 4,810.7.

Woolwich maintained the building society habit of exceeding expectations with the shares hitting 373.5p; they closed, with Seaq putting turnover at 24.6 million, at 334p.

Tomkins, following figures, was the best performing blue chip, up 14.5p to 278.5p.

Dixons, with year's results due tomorrow, put on 20p to 495.5p. Henderson Crosthwaite believe the shares were oversold with windfall gains now making a positive contribution to electrical sales.

BT, after Friday's excitement, fell 10p to 491.5p. Yamachi, the Japanese securities house, say the Budget's corporation tax cut will boost net profits by some £70m this year and next - "more than compensating for the impact on the windfall tax on earnings".

Sterling's impact was still evident. One casualty was Eurotherm, the electronic equipment group, down 20p to 320p, a three-year low. Packaging group Low & Bonar, blaming sterling for most of its profit fall, weakened 19p to 262.5p.

BSkyB retreated another 4.5p to 439.5p, reflecting Rupert Murdoch's remarkable comment that the shares were

overvalued and a lowered 425p target from Lehman Brothers.

Soccer Investments, the cash shell set up as a vehicle for football club, rose 6p to 107.5p as it looked as though it had found a club - Leicester City.

Briddon, the engineer, jumped 34p to 171.5p as FKI produced a 175p cash bid, pricing the group at £131m.

Premier Farnell, the electronic group, fell 6.5p to 455p on a rumoured Dresdner director, again referred to beary raising the shares and said he and his family did not have an interest in the Luxembourg company which has an £11.5m contract with Display. He said Ross Perot, the US presidential candidate, had no direct involvement.

Thistle Hotels continued to soften on a reported Merrill Lynch downgrading, falling 4.5p to 144.5p after touching 140.5p. Colleagues, the junk mail group, posted an 11.5p gain to 80p; it confirmed an outside buyer was in talks to bid.

More twists and turns at Display IT, the Internet financial information group which has had a torrid time with its shares halving on Ofex. Trading was suspended by JP Jenkins, the only Ofex market-maker, for most of the session. When dealings resumed the price remained at 390p. Yet another Display statement seems to have prompted Jenkins to lift his ban. Peter Levin, managing director, again referred to beary raising the shares and said he and his family did not have an interest in the Luxembourg company which has an £11.5m contract with Display. He said Ross Perot, the US presidential candidate, had no direct involvement.

Bakery Services, running in-store bakeries, made a firm debut. Placed at 3p by stockbroker Ellis & Partners the shares closed at 3.75p.

Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The premium (P) is the share price divided by last year's earnings per share, including exceptional items. Other details: Ex-dividend a fall at United Securities Markets a suspended up Party Paid per 10 Paid Shares: 1 AM Stock Source: FT Information

The Independent Index

The index allows you to access real-time share prices by phone from London Stock Exchange Simply call 0801 823 335, and when prompted do, to enter the 4-digit code printed next to each share. To access the latest financial reports call 0891 1233 followed by one of the two-digit codes below.

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Market leaders: Top 20 volumes

Stock	Volume	Stock	Volume	Stock	Volume
Woolwich	240,000	Woolwich	150,000	BT	80,000
BT	220,000	BT	150,000	BT	80,000
BT	220,000	BT	150,000	BT	80,000
BT	220,000	BT	150,000	BT	80,000
BT	220,000	BT	150,000	BT	80,000

FTSE 100 index by hour

Time	Index	Time	Index
Open 4810.7	4810.7	11.00	4792.2 down 25.2
09.00	4794.4 down 16.4	12.00	4795.5 down 23.3
10.00	4794.4 down 16.4	13.00	4794.4 down 23.4
		Close	4810.7 down 25.2

Telecommunications

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Textiles & Apparel

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Retailers, General

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Tobacco

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Transport

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Support Services

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Water

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Rights Issues

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Recent Issues

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Government Securities

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Mediums

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Longs

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Shorts

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

Updated

Stock	Price	Stock	Price
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5
BT	491.5	BT	491.5

business

What to expect if the strong pound is here to stay

Let's forget about whether the Chancellor might have done something in the Budget to check the rise of interest rates and the pound. Let's instead look at what is likely to happen to interest rates and the pound over the next two to three years, and see what consequences that might have on the UK economy.

There will presumably be another rise in interest rates this week, the main possible surprise being that the rise will be half a percentage point rather than a quarter. Let's assume that consumer demand continues to grow strongly through the autumn, fuelled partly by the windfall gains from building society conversions and partly from the rise in confidence encouraged by the continuing fall in unemployment. If that happens, expect rates to carry on rising through the end of this year, with the peak not reached until, at the earliest, the middle of next.

That peak? The market is currently thinking of 7.5 per cent, but if the evident momentum in consumption continues beyond the end of this year it is conceivable the big number will be an eight; the peak will be, say, 8.25 per cent rather than 7.75 per cent. But, in truth, we cannot know with any confidence the shape of the curve beyond the fact that we know there will be several rises in rates to come. The only safe assumption is that the UK will have high nominal interest rates for the next couple of years.

That is the assumption upon which the foreign exchanges have been working for the past six months, and obviously to some extent the rise in the pound is associated with that. But only to some extent; however odd it may seem to people steeped in memories of sterling weakness and scared by the election from the ERM in 1992, the pound does at least have the attraction that it will almost certainly exist in five years' time, not an assumption which can safely be made about other European currencies. Some of the strength of sterling is interest-rate driven but much comes from suspicion of the available alternative currencies.

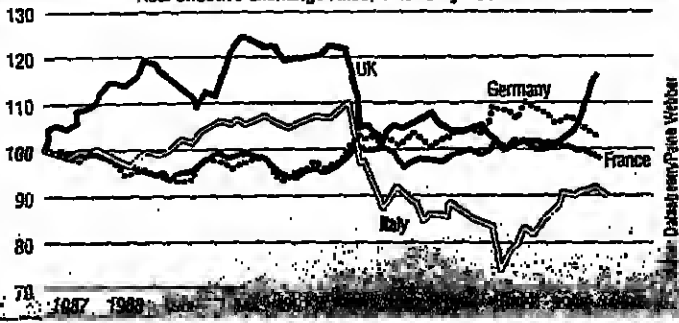


Hamish McRae

The only prudent expectation should be that there will be high interest rates for the next two to three years and sterling will remain strong

This leads to the present debate as to whether the pound's strength is sustainable. By historical standards it looks about 15 per cent overvalued (see graph) but it is not at the unsustainable level of overvaluation of the early 1990s, when the problem was less against the European currencies and more against the dollar. Besides, at that stage, the

How overvalued is the pound?
Real effective exchange rates, 1 January 1987=100



principal pressure was created by continental European interest rates being imposed on the UK, not the continental exchange rates.

Still, it certainly feels odd to see it at close to DM3.00 and \$1.70. The mainstream view is that this will not last and within a year or so it will have fallen back to about DM2.50. There are two troubles with that view. One is that the people who are advocating it most strongly are those who failed to foresee the recent rise in the pound; because, in their view, it ought not to have happened in the first place. The other is that while they may be right, assuming that the pound will fall back is not a comfortable option if your business depends on this happening. You too may be right, which is fine; but if you are wrong, then your business will be in grave trouble.

So the only prudent expectation should be that not only will there be high interest rates for the next two to three years but that sterling will remain strong for that period, maybe longer if turmoil among continental currencies over European monetary union continues. What then?

There are two ways of approaching this question. One is to look at the macro-economic effects of a strong, maybe over-strong, pound. The trouble there is that past relationships do not necessarily hold: that sort of analysis failed to predict both the early fall in unemployment this recovery and the flat inflation which followed the devaluation of the pound in 1992. So it may be more helpful to look at

the micro-economic consequences of a strong pound. Here are some.

We are going to see another wave of downsizing of large-scale industry. It may not be downsizing in output terms, but it will be a downsizing in employment. Large companies will be forced by sterling into another bout of scrutiny of their costs and there will be some fall-out in jobs as a result. There is nothing unusual about this happening at a time when output is rising: it is what has been happening in Germany over the past three years, despite strong export demand. But it will be at best unsettling and for some, inevitably painful.

There will be continued job growth, however, in the service sector. Total employment in the economy is still well below the peak of the 1980s cycle. That will suck back into employment many people who had decided to retire. Here there is a model in the US, employers have been forced to be more imaginative in the way they recruit new staff, and more energetic in the way they seek to retain it. There will also continue to be strong new business formation, partly because the functions shed by large companies will still need to be carried out. Outsourcing gives a great spur to new businesses. This will happen despite the rise in the cost of capital, with small companies pushed into seeking equity or risk-sharing, capital rather than bank finance. The boom in venture capital will continue.

Small businesses which sell abroad, like large, will be forced to market. This will affect not just conventional exporters, but domestic companies which rely on tourists, as the UK will continue to be a relatively expensive destination.

In other words, we will see again the impact of previous periods of a high pound, but this time the effect will go much further down the cycle. In previous foreign exchange cycles it was only really the large companies which were affected. In the next two to three years it will be small and medium-sized ones. For them there will be a prolonged period of good demand, but at squeezed prices: not a dreadful prospect, but quite a tough one.

Fourth time lucky as Snoddy moves over to Murdoch

PEOPLE & BUSINESS

Raymond Snoddy, the *Financial Times* distinguished media correspondent, is off to *The Times* to become its media editor for "a six-figure sum", I hear.

Mr Snoddy is the doyen of the pink'un industrial correspondents and has been at the paper for more than a decade. It is understood he has been offered the *Times* post three times in the past, and twice he has declined it. So why now (apart from the wonga, of course)? One explanation may be an increasingly close relationship with the Murdoch family. Mr Snoddy is the only UK journalist that Rupert Murdoch deigns to talk to. He went so far as to name Mr Murdoch "FT Man of the Year" last December, describing him as "now the most powerful media tycoon in history in terms of his global reach and the diversity of his media interests which range from Hollywood to newspapers such as *The Sun*, his highly profitable UK tabloid". Now there's a job application if ever I saw one.

Just last week Elisabeth Murdoch, Rupert's daughter and head of programmes at BSkyB, invited Mr Snoddy to her Fourth of July party for "close friends". Mr Snoddy got to sit at Mr Murdoch's table.

One potential problem occurs to me, however - just how many of Mr Snoddy's many media contacts will still be happy to talk to him now he is on the Murdoch payroll? We'll see.

Speaking of Elisabeth Murdoch, she was spotted at Wimbledon last week as the guest of Bob Phillips, deputy director-general and chief executive of BBC Worldwide.

Since the tennis tournament is a "listed" event which, for the time being, cannot be bought up by BSkyB, what was Mr Murdoch doing there being wined and dined by the Beeb, which still provides Wimbledon coverage free of charge? I think we should be told.

Paul Kaffka, Fidelity's pookish



Choosy: Rupert Murdoch will not talk to most UK journalists

head of corporate relations, is at home nursing swollen knees after a heroic weekend during which, he is said, he scolded Ben Nevis and Sea Fell Pike within 24 hours.

He did it in order to raise £5,500 for the Down Syndrome Association, but that only partially soothes his aching frame. "I'll never do it again," moans the former Nomura spokesman.

Ben Nevis was "very exhilarating" in the early morning, but the weather was awful. This was as nothing to Sea Fell Pike in the Lake District, "an appalling place".

"I never want to see it again. It took six hours and it was wet and miserable," says our hero.

"We got lost in fog once, so we had to blow our little whistle to get back on track. We ran out of petrol in Kendal - it's lucky we were at the top of a hill so we could roll down to Kendal to get to the petrol station."

Snowden was "magnificent" - the weather was clear - but my knees were swelling up from the pressure of going downhill. Fidelity should give him a medal, or at least pay for his physio.

A management consultant has

been selected to succeed a former director of the Victoria & Albert Museum to be vice chancellor of the University of East Anglia (UEA).

Vincent Watts, 56, a senior partner with Andersen Consulting, has decided he has done his bit for the firm and now fancies a second career in academia.

He will take up his appointment in October on the retirement of Dame Elizabeth Esteve-Coll, who is stepping down because of ill health just two years into the job.

Mr Watts had in go through a three-month selection procedure to clinch the role, and heard of his success yesterday morning. "I've been at Andersen's for 33 years, and I thought if I'm going to do anything else with my life, I should do it now."

Mr Watts recalls: "I nearly became an academic when I took my degree at Cambridge in the Sixties. I did molecular biology. It was a very exciting time. The genetic code was being unravelled. His job now will be rather more practical, in particular working out how the university can pay its way. The Dearing Committee report on higher education funding is due out next week."

How much of a culture shock will it be dealing with a scruffy lot of students after the elevated world of Andersen Consulting? Mr Watts is unfazed: "I don't think it'll be a shock for me. I've visited campuses a lot, recruiting for Andersen's. Students are just very bright young people who are trying to make sense of life and we're helping them do it."

Julian Jessop, an economist with Nikko, has just published *EMU Briefing Number Four*, a research note which includes 14 questions and answers on Europe's monetary future. Mr Jessop's first question is: "What is EMU anyway?"

As one of my colleagues pointed out, this sounds uncomfortably close to "Who cares?"

John Willcock

Foreign Exchange Rates

Country	Spot	1 month	3 months	Spot	1 month	3 months
US	1.6546	1.6546	1.6546	1.6546	1.6546	1.6546
Canada	0.6968	0.6968	0.6968	0.6968	0.6968	0.6968
Germany	2.2539	2.2539	2.2539	2.2539	2.2539	2.2539
France	99.03	99.03	99.03	99.03	99.03	99.03
Italy	206.48	206.48	206.48	206.48	206.48	206.48
Japan	160.31	160.31	160.31	160.31	160.31	160.31
Spain	166.34	166.34	166.34	166.34	166.34	166.34
Belgium	336.78	336.78	336.78	336.78	336.78	336.78
Netherlands	103.36	103.36	103.36	103.36	103.36	103.36
Denmark	11.46	11.46	11.46	11.46	11.46	11.46
Sweden	10.46	10.46	10.46	10.46	10.46	10.46
Switzerland	1.4532	1.4532	1.4532	1.4532	1.4532	1.4532
Australia	0.6968	0.6968	0.6968	0.6968	0.6968	0.6968
South Africa	0.6968	0.6968	0.6968	0.6968	0.6968	0.6968
New Zealand	0.6968	0.6968	0.6968	0.6968	0.6968	0.6968
Saudi Arabia	0.6968	0.6968	0.6968	0.6968	0.6968	0.6968
Singapore	0.6968	0.6968	0.6968	0.6968	0.6968	0.6968

Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	1.6546	0.6968	Nigeria	1.6546	0.6968
Australia	0.6968	1.6546	Pakistan	1.6546	0.6968
Canada	0.6968	1.6546	Philippines	1.6546	0.6968
China	0.6968	1.6546	Portugal	1.6546	0.6968
France	0.6968	1.6546	Romania	1.6546	0.6968
Germany	0.6968	1.6546	Russia	1.6546	0.6968
India	0.6968	1.6546	South Africa	1.6546	0.6968
Italy	0.6968	1.6546	Taiwan	1.6546	0.6968
Japan	0.6968	1.6546	Thailand	1.6546	0.6968
South Korea	0.6968	1.6546	UK	1.6546	0.6968

Forward rates quoted low to high are at a discount; rates quoted high to low are at a premium.
*Dollar rates quoted as reciprocals.
For the latest foreign exchange rates call 0891 123 303.
Cable cost 50p per minute.

Interest Rates

UK	Germany	US	Japan
Base	6.50%	Discount	5.50%
Intervention	3.00%	Discount	5.50%
Discount	6.25%	Discount	5.50%
Advances	2.80%	Discount	5.50%

Bond Yields

Country	Yr	Yield	Country	Yr	Yield
UK	7.0%	7.11%	Netherlands	5.25%	4.47%
Germany	6.5%	6.14%	Spain	7.0%	7.35%
France	6.0%	5.50%	Italy	6.25%	6.07%
Japan	5.5%	5.50%	Belgium	6.0%	6.07%
Australia	6.0%	6.07%	Sweden	5.5%	5.50%
Canada	6.0%	6.07%	Denmark	5.5%	5.50%
South Africa	6.0%	6.07%	ECU	5.5%	5.50%

Money Market Rates

Country	7 Day	1 Month	3 Months	6 Months	1 Year
UK	4.4%	4.4%	4.4%	4.4%	4.4%
Germany	4.4%	4.4%	4.4%	4.4%	4.4%
France	4.4%	4.4%	4.4%	4.4%	4.4%
Japan	4.4%	4.4%	4.4%	4.4%	4.4%

Tourist Rates

Country	Yr	Yield	Country	Yr	Yield
UK	7.0%	7.11%	Netherlands	5.25%	4.47%
Germany	6.5%	6.14%	Spain	7.0%	7.35%
France	6.0%	5.50%	Italy	6.25%	6.07%
Japan	5.5%	5.50%	Belgium	6.0%	6.07%
Australia	6.0%	6.07%	Sweden	5.5%	5.50%
Canada	6.0%	6.07%	Denmark	5.5%	5.50%
South Africa	6.0%	6.07%	ECU	5.5%	5.50%

Liffe Financial Futures

Contract	Settlement	High/Low	Open
Long Oil	114.20	114.20	114.20
Short Oil	114.20	114.20	114.20
Long Gas	114.20	114.20	114.20
Short Gas	114.20	114.20	114.20

Liffe FTSE 100 Index Option

Settlement	Settlement	Settlement	Settlement
4750	4750	4750	4750
4750	4750	4750	4750
4750	4750	4750	4750
4750	4750	4750	4750

Energy

Contract	Settlement	High/Low	Open
Long Oil	114.20	114.20	114.20
Short Oil	114.20	114.20	114.20
Long Gas	114.20	114.20	114.20
Short Gas	114.20	114.20	114.20

Commodity Indices

Index	Settlement	High/Low	Open
Long Oil	114.20	114.20	114.20
Short Oil	114.20	114.20	114.20
Long Gas	114.20	114.20	114.20
Short Gas	114.20	114.20	114.20

Industrial Metals

Contract	Settlement	High/Low	Open
Long Oil	114.20	114.20	114.20
Short Oil	114.20	114.20	114.20
Long Gas	114.20	114.20	114.20
Short Gas	114.20	114.20	114.20

Precious Metals

Contract	Settlement	High/Low	Open
Long Oil	114.20	114.20	114.20
Short Oil	114.20	114.20	114.20
Long Gas	114.20	114.20	114.20
Short Gas	114.20	114.20	114.20

Agricultural

Contract	Settlement	High/Low	Open
Long Oil	114.20	114.20	114.20
Short Oil	114.20	114.20	114.20
Long Gas	114.20	114.20	114.20
Short Gas	114.20	114.20	114.20

Other Sets

Contract	Settlement	High/Low	Open
Long Oil	114.20	114.20	114.20
Short Oil	114.20	114.20	114.20
Long Gas	114.20	114.20	114.20
Short Gas	114.20	114.20	114.20

Latest Unit Trust Prices

Contract	Settlement	High/Low	Open
Long Oil	114.20	114.20	114.20
Short Oil	114.20	114.20	114.20
Long Gas	114.20	114.20	114.20
Short Gas	114.20	114.20	114.20

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A SPECIAL REPORT

private health care

Finding ways around rising premium costs

Alison Eadie

After static or slightly declining market through the 1990s, private medical insurance sales increased last year, according to Laing & Buisson, the healthcare market analysts. Director William Laing described the development as merely green shoots, that might yet be flattened by the Budget's abolition of tax relief on PMI for the elderly.

Despite sluggish demand new providers have piled into the market putting established players under pressure. One of latest into fray is RAC Insurance Services, better known for motor insurance, which launched its healthcare insurance in April.

Around 6.5 million people have PMI cover, 60 per cent of them through company schemes. Despite the problems of the NHS, efforts to sell PMI more widely have been hampered by rising costs.

Peter Dalby, managing director of Prime Health, points out that high medical inflation, driven by constantly improving medical technology, combined with rising claims have led most insurers to post double-digit increases in the cost of premiums this year. "People are becoming more sophisticated in how they use insurance and they are using it more," he says.

Medical insurers have responded with a variety of schemes to keep PMI affordable. Excesses, whereby subscribers pay an agreed amount towards treatment in exchange for a reduction in premium, and no-claims discounts are favoured methods.

BUPA and PPP are encouraging customers to use a limited number of preferred hospitals and to create a virtuous circle of cost-effectiveness.

BUPA customers in BUPACare and EssentialCare plans receive credits to a Health Fund in exchange for using a network hospital. The credits up to the value of 8 per cent of their net subscriptions can be used towards buying a range of BUPA services including dental cover, critical illness cover, travel insurance and enhanced benefits at

certain health and fitness clubs. Excluding outpatient treatment is another favoured method of keeping down premiums. Norwich Union's budget policy Personal Care excludes outpatient consultations other than for radiotherapy and chemotherapy. Premiums can be 40 per cent less than those of NUFs comprehensive Express Care policy.

Hybrid policies are also coming into vogue as a way of keeping premiums low and meeting today's healthcare needs. Legal & General's Lifetime Healthcare Plan provides personal accident cover, cash benefits for dental, optical and other treatments, and PMI, but only for non-emergency conditions. The NHS is left to sort out emergencies.

As well as battling against rising costs, growing competition and loss of tax incentives, medical insurers are at odds with themselves over the way they do business. Moratorium underwriting, which the Office of Fair Trading recommended should be abandoned when it reported on the health insurance market a year ago, still divides them.

Moratorium underwriting does not require policyholders to make a medical declaration, but does not cover pre-existing conditions until two treatment and advice-free years have elapsed after the policy is taken out. The alternative - full underwriting at the point of sale - states clearly which pre-existing conditions are not covered and will not be covered in the future.

Long established provident insurers like BUPA, PPP and BCWA are opposed to the moratorium approach not least because it has helped newcomers Norwich Union and Prime Health to gain market share quickly. BCWA's sales and marketing director Philip Fowles says it is unethical because the consumer is kept in the dark and only knows what he is covered for when he makes a claim. Norwich Union and Prime Health disagree. They claim it benefits consumers who are covered for pre-existing conditions after two years.

CHANCELLOR of the Exchequer Gordon Brown last week allocated an extra £1.2bn to patient care within the National Health Service. The money will only be forthcoming if hospitals agree to administrative reforms which include dismantling the internal market and cutting red tape. The additional funding takes the total injection of cash to the NHS to £2bn next year.

Mr Brown's Budget gave to the public sector, but took from the private sector. The expected abolition of tax relief on private medical insurance for those aged 60 and above will save the Treasury £140m a year. The Chancellor argued that the measure, introduced by the Conservatives in 1989 to persuade people to take out private insurance, had not worked and was a perk for the few who did not need it anyway. The money would be better spent on more people, he argued.

The 600,000 elderly people who have PMI cover will now see premiums rise by 30 per cent when they renew their insurance over the next year. BUPA, the largest medical insurer, said an average 60-year-old with BUPA SeniorCare would have to pay £65 a month instead of £50 at present after tax relief.

Medical insurance companies have warned that the NHS will suffer from lengthening waiting lists if elderly people decide not to renew their insurance. Peter Dalby, managing director of Prime Health, said: "The government's move to withdraw tax relief comes days after the British Medical Association warned the NHS will face a crisis this winter, with hospitals

Alison Eadie introduces a special report with a look at how the over 60s will see their premiums rise as a result of the Budget



Cradle to grave: with the NHS strapped for cash, many prefer to take out their own insurance Photograph: Brian Harris

reduced to emergency services only and waiting lists hitting record levels as the NHS runs out of money."

The extra funding for the NHS kicks in next year, but Dr Sandy Macara, chairman of the BMA, pointed out that the difficult winter months still lay ahead. He proposed that the extra £1.6bn raised in a full year from the sharp hike in tobacco tax should be allocated to a fire-fighting fund to get the NHS through the winter.

Medical insurers have warned that up to 30 per cent of the elderly with PMI cover may cancel their policies which could add 3,000 individuals to the hip and knee replacement waiting lists alone next year.

Prime Health points out this would add 31,000 days of accommodation costs to the NHS before medical costs were considered. Its experience shows that between 80 and 100 per cent of premiums paid by the over 60s goes on claims and

conditions like hip replacements, cataract removal and prostate operations are increasing by 30 per cent each year.

Such statistics might encourage the view that medical insurers must surely want to get rid of their elderly subscribers, but they are fighting hard to keep them. Helplines are available for subscribers to ring in and discuss their options if they think they will not longer be able to afford their PMI. Insurers are

responding by offering budget policies instead of comprehensive ones and by suggesting subscribers take out higher excesses. Excesses give discounts off the full premium in exchange for subscribers agreeing to pay the first £100, £200 or even £500 towards medical treatment.

Norwich Union is confident that by using such options 98 per cent of its customers need not pay more for their insurance despite losing their tax relief. It

and some other medical insurers are using the Budget abolition of tax relief as a marketing opportunity to try and win business away from other insurers.

Although in the short term the private healthcare industry may feel adverse effects from last week's Budget, in the longer term it is more confident. Mr Dalby points out that the Labour government has raised the issue of further privatisation with ideas like charges for hospital stays and GP visits being floated. "The private and public sector need to work together," he adds.

The private sector already carries out 28 per cent of all hip operations, which cost around £6,500, and 20 per cent of all heart operations. Heart bypass surgery costs around £11,700.

The government has so far said little about the private healthcare market, although its boost to NHS funding indicates clearly its desire to improve public services. As well as cash for patient care, Mr Brown announced a new hospital building programme based on the Private Finance Initiative, a partnership with the private sector. A programme for action is being prepared by NHS chief executive Alan Langlands, but the government is not looking to cause major upheavals in the health service which it feels suffered too much change under the Conservatives.

Traditionally private health provision and insurance have flourished under Labour governments, despite Labour's stronger support for public services. The private healthcare market will be hoping that history will repeat itself.

Long-term care seekers await new line from Labour

Andrew Geldard

A change in government has cast a further shadow on the embryonic market for long term care (LTC) insurance.

The issue of protecting your assets, most notably the home, from being swallowed up should you need professional care when retired grew in prominence earlier this year when the previous government published its plans to encourage private LTC insurance.

With 25 per cent of the population set to be over 65 by the

year 2034, and an estimated quarter of those likely to suffer an illness or disability needing residential or full time nursing care, the plan was a recognition that the state will not have the resources to foot the total bill.

At present, funding for long term care is provided by local authorities based on the financial merits of each case. They are obliged to provide care costs in full where the individual's assets, including the family home, are less than £10,000. They will subsidise cost for someone with

assets, valued at up to £16,000, while they have the legal right to expect anyone over this limit to meet their own costs.

These costs will be expected to come from savings, pension income and, ultimately, the house. As the costs of being in a nursing or residential home can be up to £30,000 a year, this could drain assets accumulated over a lifetime very quickly.

However, while the market clearly exists for insurance to offset this growing problem, the government's failure to clarify its position on elderly

welfare has resulted in the LTC insurance market remaining small. Rather than take the plunge, many people are simply adopting a wait-and-see attitude in case the government announces a direction making LTC insurance unnecessary.

The last government's plans involved a partnership between the state, the individual and the financial services industry. This scheme involved ring fencing £1.50 of someone's assets for £1.00 of private care insurance taken out, enabling, for example, £45,000 of assets being

protected from the means-test applied by the local authority if that person had purchased LTC cover of £30,000.

This plan was shelved as not far reaching enough following Labour's election victory and it is unlikely to publish alternative plans until the findings are revealed of a proposed royal commission investigation into care in the community. With this process likely to take years rather than months, it leaves the LTC market in a quandary.

With the market climate still ambiguous, only a handful of

providers have emerged with policies to cover all or part of the cost of nursing or residential home care. These include CU, PPP, BUPA, Scottish Amicable and Abbey Life who offer regular premium or lump sum policies which trigger benefit payouts when the policy holder becomes unable to undertake certain "daily activities" like walking, bathing and using the lavatory. Once cover is triggered, they receive a pre-set amount of benefits each month for care at their home or be moved to a residential or nursing home.

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private health care

A SPECIAL REPORT

Sore tongue spelled cancer

Alison Eadie

David Donoghue, a 50-year-old management consultant from Sevenoaks in Kent, thought his sore tongue was due to sharp teeth rubbing against it and asked his dentist to file them down. However, his dentist was not convinced and sent him to a hospital consultant for a further check. After an x-ray followed by a biopsy – a small piece of tongue was removed – Mr Donoghue was told by one of the country's leading maxillo-facial consultants that he had cancer of the tongue.

The news was unwelcome but Mr Donoghue was fortunate in being a member of Denplan, which provides insurance cover for private treatment of oral cancer up to a ceiling of £12,000 for those aged 60 and under. Denplan's dental cover includes checks by its dentists for oral cancer. The check of the tongue, inside and outside of the lips and the glands in the neck takes only two minutes, but can be life sav-

ing. Mr Donoghue had surgery last November to remove part of his tongue and replace it with tissue from his wrist. The nerves to the new bit of tongue were connected through the neck using micro-surgery.

"One of the great advantages of Denplan's oral cancer cover for me was the provision of private room facilities in hospital," says Mr Donoghue.

After a long convalescence, Mr Donoghue has regained his powers of speech and is a reformed character. He has given up cigars and alcohol, has lost weight and is drinking organic spinach juice. Cigar and pipe smoking, particularly if combined with significant alcohol consumption, is viewed as one of the prime causes of oral cancer.

Mr Donoghue has been given the all clear by his surgeon. His advice as a result of his experience is, "Don't smoke, drink only in moderation – and don't put off seeing your dentist."



It hurts – but does it work? British dentists believe the NHS is seriously under-funded

Dental care costs set to stay painful

Alison Eadie looks at the options for private dentistry

cording to a BDA survey. That figure rises to one in two in south-east England.

Many dentists now limit NHS work to children and other exempt patients and charge non-exempt adults the full cost of treatment rather than the 80 per cent they pay under the NHS.

The shift towards private practice has triggered the growth of payment schemes designed to help patients budget for rising dental costs. The largest plans are run by private health insurers PPP, BUPA and Norwich Union. There are also locally-run plans like Highland Dental Plan covering 58 dentists in the Scottish Highlands.

Unlike private medical insurance, where premiums can be paid for years without claims being made, dental capitation schemes charge for expected treatment. In most plans a dentist assesses a patient's oral health and contracts to treat them in the future for an agreed monthly sum. Most plans also include worldwide insurance for accident and emergency treatment up to certain specified limits.

Denplan, owned by PPP and BUPA DentalCover have five fee categories in which patients are placed according to the state of their teeth and the location of the practice. Denplan says more than 90 per cent of its 850,000 patients pay between £5 and £15 a month. BUPA DentalCover puts its range at £6 to £19 for most patients with the average around £11.50.

Monthly payments cover routine work like check-ups, fillings, x-rays and extractions. Both Denplan and BUPA exclude the laboratory costs of making crowns and bridges, but include the dentist's time spent on major restorative work. BUPA gives the option of excluding restorative work from monthly payments to keep payments lower. Both schemes include checks for oral cancer, which is on the increase worldwide.

Norwich Union Dental Care works differently as it determines fee levels rather than the dentist and can be joined without an oral assessment. It offers four levels of cover and three geographical cost areas. Plan One covers check-ups, scale and polish, x-rays and accident and emergency cover and costs £7.45 a month in London, but £6 in rural

Scotland. Plan Four extends to bridges and dentures and costs up to £17 a month.

Accident and emergency cover varies. Denplan provides up to £300 per claim for emergency treatment worldwide, up to £10,000 for treatment resulting from a sports or motor accident and £50 cash for every night spent in hospital due to dental treatment.

Densure, a smaller national capitation scheme which like Norwich Union offers set levels of cover, does not include any A&E insurance. Complete Direct Care, another national capitation scheme, has a £75 ceiling on emergency treatment.

Clinident, owned by private medical insurer Clinicare, charges for insurance separately from monthly capitation payments. Individuals pay £24 a year and groups, which can include a married couple, £21 each a year. For this they receive up to £3,000 A&E cover for extra and intra oral trauma in European Union countries only, plus redundancy and sickness cover for treatment up to £75 a month. NHS dental patients can take out just the insurance. Private patients are slotted into one of 10 Clinident fee bands depending on their state of oral health.

Capitation schemes help spread the cost of dental treatment, but are not for everyone. The BDA says: "Patients need to think carefully about the cost-effectiveness of joining a plan and should discuss it with their dentist." It points out that those only visiting the dentist once or twice a year may find it cheaper to pay as they go. The choice of plan also depends on the dentist. Patients wanting a particular plan can only choose from dentists who offer the plan in question.

More than half of the nearly 21,000 general dental practitioners in the UK do not offer capitation schemes. Denplan has 5,500 dentists, BUPA 3,000 and Norwich Union 2,500, but there is considerable overlap as dentists can sign up with more than one plan provider.

Insurance offers an alternative method of paying for dental care. Some de luxe private medical insurance policies, like Clinicare's Carte Blanche, cover routine dentistry. Health care cash plans also provide cash towards dental treatment up to specified annual limits.

Down – but not out of pocket

Leo Rodwell

Restaurateurs Keith and Nicola Braidwood from Dalry, Ayrshire, are realists. That's why they have critical illness insurance cover with BUPA. Keith, 31, and Nicola, 29, hope they'll never need to claim. "But because we're a two-man operation with just two part-time staff, we'd need something to fall back on if either of us became critically ill."

The couple are, no doubt, aware of the statistics. One in four men and one in five women between 20 and 40 today will suffer a critical illness before they reach retirement age. Yet the chances of survival are good. Nearly half of all heart attack patients, for example, live for another 15 years. "It costs about £47 a month and initially this felt quite a lot for something we might never need," admits Mr Braidwood. "But recent illness in the family made us appreciate how important it is. However young you are, you never can tell."

BUPA have just launched two new critical illness plans – a stand-alone product and another with life cover – which complement their existing range of insurance schemes for health care and medical services.

Although some 70 companies now sell a range of critical illness insurance, the main players are still the insurance arms of banks and building societies since critical illness cover is often sold with life cover to accompany a mortgage. However, people who have not moved home or changed mortgages for a while may be unaware that such cover exists.

So what is it? Regular monthly premiums cover policyholders for a tax-free, non-refundable, lump sum if they are diagnosed as suffering from a range of specified diseases or conditions. Cover includes the big three critical illnesses – cancer, heart attacks and strokes – and although policies vary,

most cover major organ transplants, coronary artery bypass surgery and kidney failure.

The aim is to provide cash which will not only help pay the mortgage and other bills in the wake of a critical illness, but could go towards the cost of medical care, home alterations such as installing a chair lift, switching to an automatic car or even moving to a bungalow.

Premiums vary from company to company, are generally adjusted upwards with age, and inevitably depend on a number of factors, including the amount of protection you choose, your age, your medical history and the term you select. The latter could reflect, for instance, the remaining term of your mortgage or the point you hope your children will be off your hands.

A non-smoking male who is 30 next birthday could pay, for example, £15.85 a month to be covered for £50,000 for the next 25 years with BUPA's Standalone Critical Illness Cover. Or he could pay £18.55 a month for £100,000 worth of cover for the next ten years with a Black Horse Life Assurance Living Cover policy.

Sales of critical illness insurance have been growing (helped by the housing market upturn) and there are some 1.25 million policies currently in force in the UK. However, Employers' Reinsurance International, the largest reinsurer of UK critical illness policies, say younger people, whom this kind of insurance could benefit, often ignore it.

Shirley Mansfield, marketing manager for Black Horse Financial Services, the Lloyd's Bank subsidiary, agrees: "Younger people still tend to associate critical illness cover with cancer or heart attacks – and they can't relate to that. But it also provides cover for permanent disability. That includes sporting and road accidents – where younger people may be involved. In fact, in 1996, 18 per cent of our claimants were under 36."

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A SPECIAL REPORT



People who can never work full-time again after an operation often think that the state will provide – but the level of support is very low

Don't add poverty to injury

Andrew Geldard

Although we would like to believe it were possible, it's unlikely our entire careers will be unaffected by ill health. For most it will be a temporary inconvenience, but for others it will create financial havoc. Each year 1.8 million people are off work for six months or more and the chances of this happening during your career are about one in six.

To compound the situation, employers rarely guarantee sick pay beyond a few months and the plight is even worse for the self-employed. Support from the state for a long term incapacity is just meant to provide a basic safety net. Under its incapacity benefit, where a claimant's eligibility is first assessed by an independent

board, an adult is entitled to £47.10 a week for the first 28 weeks, which rises to £55.70 and then £62.45 after 53 weeks.

With state support so derisory, how can you insure against a long term illness or injury affecting your living standards? This is where permanent health insurance (PHI) comes in. After an agreed period of deferment, it replaces a certain percentage of lost earnings with a monthly, tax free, income which will usually continue to pay out until retirement if you never work again.

However, while there is a clear need for PHI, sales of this product have been sluggish and it is estimated that only 10 per cent of the working population have this cover.

This has been attributed to a number of factors. There is the

traditional attitude of "it won't happen to me" or the misconception that the state will provide the necessary aid. When the person does decide to take out ill health cover, they often choose critical illness as premiums are often cheaper and the tax free lump sum is seen as more attractive.

However, critical illness cover (CIC), which pays out on diagnosis of a serious medical condition included in the policy, is meant to complement PHI, not act as a replacement. CIC will not provide benefit if you cannot work through an accident or if you suffer from stress, back problems or repetitive strain injury. Crucially, you may be incapacitated for years and a lump sum from CIC may pay off the mortgage but won't provide an ongoing income.

Another problem which has affected PHI sales is that, unlike CIC, it is a relatively complex product. Premiums are based on age, sex and occupation and the benefit will not cover all of your earnings. As the insurer has to assess your risk potential, the process of becoming a policyholder is often protracted.

When claims are assessed, policy and medical conditions are open to interpretation which sometimes results in insurers refusing to pay, or paying a reduced sum if it discovers the policyholder is over insured. While these instances are not common, it does fuel public wariness towards PHI when reports appear in the papers.

Yet the payout of PHI benefits needs to have strict conditions and deferment periods,

according to Peter Timbark, Legal & General's communications manager for life and healthcare. "If PHI policies were to pay out instantly for anything from a common cold to a headache, premiums would rocket. PHI should be seen as a solution to the financial problems caused by a long term illness or injury preventing you from working."

The deferment periods of PHI policies last from between four weeks to one year, and premiums depend on what deferment period the policyholder chooses.

Therefore, it is important to strike the right balance between premium price and what you consider will be the maximum period before your loss of earnings starts to affect your lifestyle.

Alternative methods make their mark

Judy Sadgrove reports on less conventional forms of healthcare

Surveys suggest that one in four people regularly use some form of what's come to be called complementary therapy. And this enthusiasm is not restricted to punters. Four out of ten GPs offer their patients complementary therapy and three out of four fund-holding practices would like to see complementary medicine available under the NHS, according to the Consumers' Association.

"People who use complementary therapies tend to be middle class and middle-aged and the overwhelming number of them are women," says Professor Adrian Furnham, professor of psychology at University College London and author of a recently published book *Complementary Medicine: A Research Perspective*. "Their conditions tend to be chronic rather than acute, things like headache, insomnia and arthritis. If someone finds a lump in their breast they'll go to their doctor not an aromatherapist."

The chief reason why people turn to a complementary therapist, according to professor Furnham, is disillusionment with doctors – particularly when their condition is one for which medicine can do little, such as backpain. In addition, they may hold anti-scientific views and disagree with doctors as to the origins of their disease. They may also distrust the power of the medical profession, dislike the reliance on drugs and high-tech machinery and desire a holistic approach that includes psychological insight and physical touch.

There are well over a hundred different complementary therapies. Some are thousands of years old, like Chinese medicine (the use of herbs to balance vital body energy). Others have been in existence for less than a century, like the Alexander technique (the improvement of bodily posture).

The five most popular therapies are osteopathy (manipulation of bones, joints, muscles and other soft tissues), followed by chiropractic (manipulation of joints and muscles), homeopathy (treatment by

minute doses of a substance which produces symptoms similar to the ones distressing the patient), acupuncture (the insertion of needles to restore the body's vital energy balance) and herbal medicine.

These have all gained widespread acceptance and the first four can all be obtained under the NHS, despite the scepticism of some doctors. Acupuncture is used in all pain clinics. Osteopathy and chiropractic are both regulated by law to protect people from unqualified practitioners. And there are five NHS homeopathic hospitals in

son approach and a nice surgery. Satisfaction depends on the patient, the problem and the practitioner. But it's surprisingly high, much higher than it is for orthodox medicine.

Researchers are continuing their efforts to verify the efficacy of many therapies, since the evidence that they work is thin on the ground in many cases. But science may never be able to evaluate the true benefits of a treatment when it's coupled with a relaxing 45 minutes spent talking through problems to a sympathetic listener.

Complementary therapy is widely believed to be gentle and safe. But there have been several scares. Some of the imported herbs used in Chinese medicine have been found to be toxic as a result of contamination. Some of the Western herbs used by herbalists have been identified as carrying a potential risk to health – pennyroyal can cause miscarriage, horehound has been linked with liver damage and other plants react badly with particular drugs. And there have been reports that acupuncture has caused infections, punctured lungs and lost needle fragments later retrieved from kidneys, spines and hearts.

So is complementary therapy potentially dangerous? "There's a lot of talk about adverse reactions," says Dr George Le- with, of the Centre for the Study of Complementary Medicine in Southampton and London. "But hospital wards are not full of patients harmed by herbal medicine and acupuncture. They are full of people with all sorts of problems caused by conventional medicine. The risks of complementary medicine are very low."

In general, patient satisfaction is extremely high. But there is wide variation in the training of complementary therapists, and very little regulation in place to protect the patient from the unskilled practitioner.

People are happy to pay for the time, the touch

the UK. Healing, however, is one of the most widely available therapies of all (there are an estimated 20,000 healers in the UK) and it's often carried out completely free of charge. This is because many healers believe payment to be an abuse of their ability power to channel healing energies.

Healing apart, you can expect to pay a complementary therapist anything from £15 to £60 or more per session, which may last up to an hour or more, particularly for a first visit when the therapist carries out an in-depth interview about the patient's perceived problem and his or her lifestyle, personal history, psychological profile and beliefs about health.

"After all, the average consultation with a GP lasts just seven minutes," points out Professor Furnham. "So people are very happy to pay for the time, the touch, the whole-per-

Insure to get the best medical care for your family

Norwich Union Healthcare offers convenience, reliability and value for money, says Gayle Small

Ask any member of the public what would be their ideal form of health care provision and two main issues are certain to come to the fore. The first test of a decent service, particularly for anyone with a young family, is that they should receive the best health care available. The second is that the service should be available immediately, as and when it is needed.

In a perfect world, the National Health Service would be able to meet these key concerns, delivering top-quality care at times that suit your needs and those of your family, so that you remain in control of what is happening. Unfortunately, this is becoming less and less possible nowadays.

Everyone now acknowledges that the NHS, while still providing excellent care in the case of serious medical emergencies, is stretched very thin.

At the end of December 1996, there were almost 1.1 million people waiting to be admitted to NHS hospitals. Of these, nearly 21,000 had been waiting for more than a year, despite strenuous efforts by the Government to cut waiting lists.

Furthermore, about 60 per cent of people waiting to be seen by a consultant are waiting for over four weeks.

The reality is that it is becoming harder and harder not just to be given an early admission date to a hospital, but even to have certain types of care delivered by the NHS.

Meanwhile, these so-called "non-urgent" cases can have a devastating effect on your life or that of your loved ones: procedures such as hip replacement operations are a good example.

Private medical insurance (PMI) offers the ability to avoid the problems associated with long waits.

It gives you a range of important benefits, including choice – the opportunity to choose the hospital or medical facility to suit your needs. Often, you can even choose the consultant you want to treat you.

The principle of choice extends to selecting the times you want to be seen at, when you want to be treated, causing minimum disruption to your work and family life.

Equally important is the notion of comfort: the opportunity to relax in an environment in which your wishes are paramount, where the efforts of those around you are aimed at meeting your needs.

The effect of such service can be aston-

ishing: peace and quiet, together with the knowledge that prompt and courteous service are being provided can be as important to the process of recovery as the medical treatment itself.

The key to PMI is obtaining good value for money. Norwich Union Healthcare policies, offered by one of Britain's major insurance companies, offer a range to suit everyone. Norwich Union policies are simple to understand and join and their most widely affordable scheme gives cover to a family of five, where parents are below the age of 40 and children are under 16, for as little as £55 a month. In fact, you only pay for the first child.

Unlike some schemes, no complicated medical is required before you join, while Norwich Union Healthcare offers a triple guarantee: there is no annual limit to the value of cover for eligible treatment, to the number of times you can claim and there are no age limits.

Norwich Union Healthcare also offers the piece of mind of a 24-hour medical helpline staffed by trained nurses who can answer your queries on all Personal Care policies.

As for choice – you can elect to have treatment at more than 350 hospitals throughout Britain, with most bills settled directly between Norwich Union Healthcare and the hospital concerned.

For families, the second and subsequent child are free of charge up to the age of 20, while new parents receive maternity cash benefits of £100 per pregnancy, as long as the mother is a policyholder. New-born babies are automatically entitled to free cover for three months.

Norwich Union Healthcare is so confident that you can't get a better deal elsewhere, that it offers a 60-day money-back guarantee if you find a comparable policy elsewhere at a cheaper price.

If you want more information on all aspects of PMI cover, including income protection and dental care Norwich Union Healthcare is offering a free, independently-written 48-page guide with everything you need to know.

Call freephone 0800 424242, quoting ref ADC right away for your copy.

In years to come, you'll wonder how you and your family could have done without PMI through Norwich Union Healthcare.

ADVERTISEMENT



Your family looks to you for help. Norwich Union Healthcare helps you to provide it

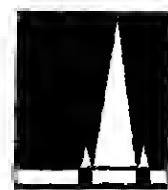
JOHN LAWRENCE

ClaimCall gives you rapid advice when you need it

Dig a little on the subject of claims and you will be told that most insurers want you to tell them over the phone that you wish to make a claim. The insurer then sends out a form which is filled in both by the claimant and the doctor. This can sometimes be a lengthy process, taking as long as two weeks, sometimes longer, effectively detracting from the very ease and convenience that PMI is there to deliver to its policyholders.

Because of this lengthy system, treatment is often obtained without pre-authorisation, meaning that the person with insurance takes the treatment and then claims later. This can lead to expensive problems and complaints, particularly if the treatment received turns out not to have been covered under the person's policy. Luckily, Norwich Union Healthcare has developed a different system, called ClaimCall. With ClaimCall you ring a number and in most cases your claim will be assessed within about 15 minutes.

How to save time and money by picking up the telephone and dialling the experts for advice on what to do



NORWICH UNION

The advantage of ClaimCall is that it cuts the need for paperwork, reduces worry and uncertainty wondering if your claim is to be paid in full. It also helps you to obtain the treatment you need faster. Importantly, the call you make is routed through to a regionally-based team, whose staff have detailed local knowledge about specialists and hospitals in your area and of the facilities most likely to suit your personal needs. Where claims are pre-authorised in this way, there is no need to provide a GP with a claim form, saving you further time and money compared to other schemes.

ClaimCall is part of Norwich Union Healthcare's commitment to provide you with the most efficient service possible, meeting your needs at a time that is important to you. If you want to know more about Norwich Union Healthcare and the services it offers, call 0800 424242, quoting reference number ADC.

For more details call freephone 0800 424242

sport

Merson relishes the challenge at Middlesbrough

Football

PHIL SHAW
AND ALAN NIXON

Arsène Wenger, the Arsenal manager, has defended his decision to sell Paul Merson, who has joined Middlesbrough on a deal worth a reported £20,000 a week.

"You are never happy when you lose a player of Merson's calibre," Wenger said. "But it is a good deal for him and a good deal for the club."

He denied the sale was related to other deals. "We haven't agreed to sell him simply so that

we could use the money to buy another player," he said.

Merson, who has spent his entire career with Arsenal, passed a medical yesterday and said it took only five minutes of talking it over with his wife to agree to link up with Bryan Robson, and Viv Anderson, who he played with at Highbury.

"It's a challenge for me to get back into the Premiership and then win that as well. I've done everything with Arsenal so I know what's expected," he said.

Peter Ndlovu is poised for a £1.75m move from Coventry City to Birmingham City. The

25-year-old Zimbabwean international striker cost Coventry only £20,000 when he joined them from Bulawayo Highlanders. He will be out of contract next summer and Coventry have decided to cash in on a player who missed a large chunk of last season through injury.

David Burrows, who has failed so far to agree new terms with Coventry, has attracted interest from Italian clubs, but he still hopes to agree a contract at Highfield Road.

Chris Waddle will be named Burnley's new manager today and given the go-ahead to

make some signings. The former England international will be allowed to sign Glenn Roeder as his assistant, and is also keen to buy John Sheridan from Bolton.

Chic Bates, confirmed as Stoke City's manager yesterday in succession to Lou Macari, has signed Sunderland's former England striker Paul Stewart on a free transfer and a Dutch midfielder, Dick Schreuder, from RKC Waalwijk under the Bosman ruling. Bates had hoped to unveil Mark Stein as his third recruit, but the former Stoke striker has signed a one-year contract to stay with Chelsea.

Nigel Worthington will be named Blackpool's player-manager in the next 24 hours. The former Northern Ireland international has been released by Stoke. The left-back, who played for Leeds and Sheffield Wednesday, replaces Gary Megson, who has left them to join Stockport.

Bolton's manager, Colin Todd, is hoping to sign a Norwegian striker, Sids Johansen, having watched him play for his club, Bodo Glimt, at the weekend.

Hearts have offered the former England player Trevor Steven a one-month contract

Their manager, Jim Jefferies, is lining up a trial deal for the 34-year-old midfielder, who was given a free transfer by Rangers in May. Hearts are also giving a trial to Nicky Banger, the former Southampton midfielder.

Fulham have signed Andre Arendse, the South African international goalkeeper, on a three-year contract. The 30-year-old played in South Africa's recent 2-1 defeat by England.

The Football Association has said that Australia will no longer have a place on its council after Sir David Hill-Wood, their current representative whose family have strong links

with Australia, stands down. The Australians had nominated Terry Venables, their national coach.

Southampton's captain, Barry Venison, has been ruled out of the first two months of the new season through injury. Venison, 32, has been out of the game for the last 10 months with a long-term back problem, which restricted him to just two appearances last season.

Pablo Di Canio has been told by Celtic that he has no chance of moving to an English Premiership club. The Italian is in dispute with the club after refusing to join his team-mates at

a pre-season training camp in the Netherlands. Newcastle and Sheffield Wednesday have been linked with him.

Fifa, world football's governing body, said yesterday that any decision on the legality of Ronaldo's transfer from Barcelona to Internazionale Milan might not be made until the end of this month. That effectively means the Brazilian's move is on hold while Fifa study documents from both clubs, and also consider their response to the European Union, whose intervention has further complicated the contentious transfer.

Cipollini rides high on the longest day

Cycling

ROBIN NICHOLL
with the Tour de France

The longest day in Normandy ended with the inevitable victory for Mario Cipollini, pushing his Tour de France lead to 36 seconds over Chris Boardman after a skag through the land of Calvados.

The Italian's potent charge for the chequered flag brought him from eighth to the front as his challengers faded around him, to take the 20 seconds victory bonus to add to the six-second deduction he earned for winning an intermediate sprint.

First, Boardman's men tried to set the stage for their sprinter Frédéric Moncassin. Then, Erik Zabel hit the front only to take second as the hefty thighs of the Tuscan pumped out another last-gasp victory with the Dutchman Jeroen Blijlevens hanging on for third place.

"To win a sprint like I did today is an unbelievable feeling. It's impossible to feel such a strong emotion in the mountains or in time trials," he said. "It is short but it is intense."

"It was a dangerous sprint but it was great. I had the luck and I also had the legs. I want to keep the jersey as long as I can, but I am happy even if I do lose it," said Cipollini, who is having second thoughts over his plan for this season to race the three major tours of Italy, France, and Spain.

He already has five victories and the points jersey from the Giro d'Italia, and is heading for his longest spell in the Tour leader's yellow jersey. In 1993, he wore it for two days, but he has not gone the distance in his previous four Tours.

"It was intended that I should pull out of the Tour after 10 days because I also have the Vuelta a España in my programme. Because the Tour is such a big race, I would like to complete it in Paris, so I may ask my manager if I can skip the Vuelta."

The day featured a gallant ride by Thierry Gouvenou towards Vire, his birthplace and the finish of the longest stage, 262 kilometres from the Channel resort of St Valéry-en-Caux.

His dream ended when, after a solo ride of 110km along roads as straight as any Roman would wish, Gouvenou found a

draught of the local liquor that is claimed to create space in a full stomach.

His hole came as the tiring home boy fought to stay in contact with the main field, and he lost 8min 28sec after once leading by more than four minutes.

Cipollini, dressed overall in yellow, and facing another fine of 300 Swiss francs (£80) for not wearing his team's official black shorts, was already being acclaimed on the podium when the shattered Norman trundled in.

He had raced alone through towns whose English "twins" were as diverse as Henley-on-Thames, Chipping Camden, and Ross-on-Wye until an attack by Alex Zülle brought down the curtain 25km from the finish.

It was a brave effort to delight the home fans with their "Allez Gouvenou" banners, and nowhere near as suicidal as the sport of bungee-jumping, for which Vire is No 1 in Europe.

They can blame its introduction on a New Zealander, A J Hackett, who developed a leisure holiday centre near the town after hungee-jumping from the nearby Viaduct de la Souleuvre.

Not exactly what its builder, Gustave Eiffel, of Tower fame, had in mind for his rail bridge. TOUR DE FRANCE Second stage, 262km from Saint-Valéry-en-Caux to Vire. 2. M. Cipollini (I) 54:56; 3. J. B. Huet (F) 55:01; 4. J. B. Huet (F) 55:01; 5. J. B. Huet (F) 55:01; 6. J. B. Huet (F) 55:01; 7. J. B. Huet (F) 55:01; 8. J. B. Huet (F) 55:01; 9. J. B. Huet (F) 55:01; 10. J. B. Huet (F) 55:01; 11. J. B. Huet (F) 55:01; 12. J. B. Huet (F) 55:01; 13. J. B. Huet (F) 55:01; 14. J. B. Huet (F) 55:01; 15. J. B. Huet (F) 55:01; 16. J. B. Huet (F) 55:01; 17. J. B. Huet (F) 55:01; 18. J. B. Huet (F) 55:01; 19. J. B. Huet (F) 55:01; 20. J. B. Huet (F) 55:01; 21. J. B. Huet (F) 55:01; 22. J. B. Huet (F) 55:01; 23. J. B. Huet (F) 55:01; 24. J. B. Huet (F) 55:01; 25. J. B. Huet (F) 55:01; 26. J. B. Huet (F) 55:01; 27. J. B. Huet (F) 55:01; 28. J. B. Huet (F) 55:01; 29. J. B. Huet (F) 55:01; 30. J. B. Huet (F) 55:01; 31. J. B. Huet (F) 55:01; 32. J. B. Huet (F) 55:01; 33. J. B. Huet (F) 55:01; 34. J. B. 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False trails laid as hierarchy rallies to a cause

There is a fundamental truth about fox hunting which its supporters are desperate to obscure. Strip away all the blather about tradition and pest control, ignorant townsfolk and there it is: people go fox-hunting for the simple reason that it gives them great pleasure to pursue a wild animal to its death. Admit this fact, however, and their argument is lost, since hunting is exposed as just another relic of more brutal times, which has as much place in the modern world as cock-fighting or badger-baiting.

As a result, the hunters take

refuge behind whatever scraps of cover they can find, and it is for this reason that the growing debate over Michael Foster's Wild Mammals (Hunting With Dogs) Bill should be of interest to anyone who follows racing. As ever when the subject is discussed, the hunting lobby is trying to embroil racing in its argument, claiming that a ban on one would be to the detriment of the other. What is particularly disturbing this time around, though, is that the sport's most senior administrators appear to have swallowed it.

Lord Wakeham, the chairman of the British Horseracing

Board, and Tristram Ricketts, its chief executive, will both attend the "Countrywide Rally" in Hyde Park on Thursday, part of the concerted campaign being mounted by the hunters now that it seems likely that Parliament will finally put an end to their "sport". Of Wakeham, the Rest-A-Nob who manages to find time for numerous directorships in addition to his duties at the BHB, we can perhaps expect nothing more, but Ricketts, an intelligent man who has been employed to act in the industry's best interests, really should know better.

For there is not a shred of



As racing's top administrators line up with the hunting lobby, Greg Wood questions the connection with field sports

worthwhile evidence to suggest that the abolition of fox-hunting would have the slightest effect on racing. True, we might see the back of hunter chases, but for this many punters, notably any who have ever seen a Placepot doomed by a sack-of-potatoes amateur rider, would be thoroughly grateful, while there should still be sufficient drug hunts to continue

the tradition if anyone is really bothered.

There are claims too that point-to-pointing, which is run principally to raise money for hunts, would all but disappear, yet the passage of Foster's Bill could instead be a new beginning. Just as steepchasing has grown far beyond its origins in the hunting field, so too could point-to-pointing become a pursuit in its

own right, not least once the financial drain of the hunts is removed. Amateurs will surely still want to ride and race, while the knowledge that their entrance money will not be used to support the hounds could attract more spectators to watch them.

The idea that top-class chasers will no longer progress to racing under Rules via hunting and pointing is equally ridiculous, since common sense and basic economics suggest otherwise. Quite simply, a talented racehorse is too valuable to be left munched grass in a field, and new way or another, those with real talent will always

find their way to the top tracks. Market forces demand it.

If hunting were to be criminalised this evening, racing would carry on tomorrow as normal just as it always has. Yet Ricketts and Wakeham are apparently content to allow the hunters to use racing as a shield, to soak up some of the punishment on their behalf. They should perhaps take a moment to study their job descriptions before leaving for Hyde Park on Thursday, and consider whether it is in the interests of the business which employs them to associate themselves, publicly and officially, with an activity which

a large majority of the British population regards with disgust.

Hunting no longer offers any benefits to racing, and racing owes it no debt. It is now time for the hunting fraternity to leave us alone and fight what is left of the argument on its own dubious merits. Nor is it too late for Lord Wakeham and Tristram Ricketts to check their diaries and decide that when it comes to the unfortunate clash between Thursday's rally in Hyde Park and the July Cup the same afternoon, the sprinters at Newmarket should have the first call on their time.



Fallon winning on Bosra Sham at Sandown in May - but their partnership looks shaky

JOHN COBB

Kieren Fallon has been removed from the ride on Lady Carla at Newmarket today amid speculation that he is to be sacked from all the horses of Wafic Said, who owns both filly, after his controversial defeat on Bosra Sham in Saturday's Eclipse Stakes.

The bookmakers, rarely slow to seize an opportunity, have extended Fallon's odds against winning the jockeys' championship for the first time, with the Tote reasoning that Saturday's failure will have such a detrimental effect on his prospects that they have lengthened his price to 7-2 from 4-1. That is despite the 32-year-old jockey leading Pat Eddery by 75 winners to 72, with Frankie Dettori on 71 for the year at the start of play yesterday before further success at Bath. Dettori is quoted at 4-5 with Eddery 7-4.

The Tote's spokesman, Rob Hartnett, said: "The events of the last few days will have done nothing for Kieren's confidence, for those who employ him and for others within racing. Even though he's come back and ridden the first winner at Bath today we feel his chances of win-

ning the title have definitely taken a knock."

There was no official confirmation that Fallon would no longer ride for Said, a Syrian businessman, but his absence from the saddle of Lady Carla, last year's Oaks winner, in today's Princess of Wales Stakes, tells its own story.

Fallon had been pencilled in to ride the filly at the five-day Sandown event, instead he has been switched to a crucial stage in the Sandown straight before finishing third to Pilsudski.

Said's racing manager Tim Bulwer-Long did not dismiss speculation that the owner

would no longer employ the jockey. "There is no state of play at the moment, but Willie Ryan will ride Lady Carla," he said. "The owner is abroad and we might have something else to say at Newmarket tomorrow."

Fallon has been stung by a welter of criticism over his riding of Bosra Sham, the 4-7 favourite for the Eclipse. The Irishman, in his first season, had the ride taken from him by Said's stable jockey, who had been blocked at a crucial stage in the Sandown straight before finishing third to Pilsudski.

Fallon was reluctant to talk about the weekend events after guiding Royal Circus to victory

at Bath. "Do you believe everything you read in the papers?" he said when quizzed over the possibility of riding Bosra Sham in future. "I told everybody what I thought about the whole affair on Saturday and as far as I am concerned that's the case closed."

Cecil, who added his voice to the throng of Fallon's critics, insisted yesterday that he had asked the rider to switch to Dushyantor in today's race. "It was my choice that Kieren would ride Dushyantor," he said. "I have nothing to add and you had better talk to Mr Said's racing manager."

If Fallon is replaced by Said, Eddery is the favourite to fill his seat. He was no board when Bosra Sham won last year's 1,000 Guineas and partnered Lady Carla to victory in the Oaks a few weeks later.

However, Eddery's agent, Terry Ellis, insisted yesterday that no approach had been made. "I don't want to stir any more fuel to the fire. We have had no contact made with us, and I think the kid [Fallon] has had enough agro already."

The connections of Pilsudski, trained by Michael Stoute, offered some sympathy to the beleaguered Fallon at Bath.

Jimmy Scott, Stoute's respected travelling head, said: "Kieren's getting a bit of flak and I don't think he's the guilty party. Pilsudski would have won anyway."

Pilsudski's rider, Mick Kinane, is again likely to be the one to prevent either of the Cecil pair winning the Princess of Wales Stakes as he partners Swain, who makes his debut for the Godolphin team. Shantou, fresh from winning Italy's most valuable race, the Gran Premio

RICHARD EDMONDSON
NAP: Gorse Gorge (Newmarket 5.45)
NB: Shantou (Newmarket 3.40)

2.05 Victory Note (nb)
2.35 Bon Ginn
3.05 Land of Dreams (map)
3.40 Swain

4.10 Danetone
4.45 Arthurs
5.15 Harari
5.45 Literary Society

HYPERION
2.05 Victory Note (nb)
2.35 Bon Ginn
3.05 Land of Dreams (map)
3.40 Swain

PRINCESS OF WALES STAKES (GROUP 2)
(CLASS A) £50,000 1m 4f Penalty Value £23,908

THE ASCOT GOLD CUP
Celeric drops back a full eight furlongs for this contest. That could rule him out, but a strong gallop from the outside here would enable Pat Eddery to deliver a late challenge on his talented mount, Dushyantor and his stablemate Lady Carla disappointed in the Hardwicke Stakes (1m 4f) at the same meeting. The St. Leger winner, Shantou, made his seasonal appearance on the firm ground in Milan last month, winning over this trip, but SWAIN, formerly trained in France by André Fabre but now part of the Godolphin operation, may prove to have a better turn of foot.

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GOING: Good. STALLS: Stand side. **DRAW ADVANTAGE:** High troughs may be best up to 7f. **IN THE HAND:** come with a bit of time. **THE RACE:** The race was a close-run thing, with the two favourites, Fallon and Eddery, both showing signs of fatigue. Fallon, who had been the favourite, was ridden by Willie Ryan, who had been the favourite, and Eddery, who had been the favourite, was ridden by Willie Ryan, who had been the favourite.

WINNERS IN THE LAST SEVEN DAYS: None. **LONG-DISTANCE WINNERS:** Brevinova (1.50) has been seen 223 miles by 8 million from Sandown, Devon.

2.05 STRUTT & PARKER MAIDEN STAKES (CLASS D)
(DIV 1) £6,500 added 210 7f Penalty Value £4,883

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2.05 STR

Ten players who rose to new heights on the South Africa tour

Curry's parting shot on Sunday evening was not intended to be quite so reminiscent of the *Looney Times*. "That's All Folks!", and, in any event, there were smiles of empathy when the chairman said, "And that really is the end of Wimbledon 1997..." Phew!"

■ Greg Rusedski yesterday moved up from 27 to 34 in the world rankings - the highest ATP ranking of his career. Turn



Lessons of the Lions

Chris Hewett on the coach's plea for his players to spread the word, page 28

sport

Winning Wimbledon

John Roberts on the tournament that beat the elements, page 28



THIRD TEST: Crawley's unfortunate dismissal hastens England's demise as Australia square Ashes series 1-1 with three to play

Coup de grâce supplied by McGrath

DEREK PRINGLE

reports from Old Trafford
Australia 235 & 395-8 dec
England 162 & 200
Australia win by 268 runs

Australia took just 90 minutes to take England's last five wickets at Old Trafford yesterday. But if the execution on a dry and wearing pitch was predictable enough, the executioner was not, and Glenn McGrath, finishing with 4 for 46, gladly feasted off Shane Warne's menacing presence at the other end to send England crashing to defeat.

The margin of Australia's victory though, is nowhere near as significant as the manner in which it was achieved. Having been surprised by England's passion at Edgbaston, Australia have raised both their form and aggression here to work their game plan to perfection. Allowing Warne and Co to bowl last with over 400 runs on the board is a bit like taking on Superman with his looted full of kryptonite.

It is a situation England will want to avoid if they are to make a contest out of the rest of this series and they now have two and a half weeks to recharge and prepare themselves for the Headingley Test on 24 July.

"The Aussies got us where they wanted us," England's skipper, Michael Atherton, admitted afterwards. "There's been a lot of talk about Warne being out of form. But he's a world class bowler and bound to come good sometime. He bowled well, as he should do on a wearing pitch."

Ironically, the craters Warne exploited in taking nine wickets in the match were created for him on the first day by England's bowlers when the pitch was damp and soft. More frustrating, however, must be the opportunities England squandered on the first two days of the match when they clearly had the better of the

conditions in which to bowl and bat. Although immense credit must go to Steve Waugh's superb first-innings century (as well as his steady one in the second innings) many in the Australian camp thought they should have been bowled out for 150 and that England, with the sap gone from the pitch, ought to have scored more than 300 in reply.

It was a sentiment echoed by Atherton. "We missed opportunities," he agreed, "and we should have done better. The Aussies bowled well in the first innings and we batted ourselves into a hole. We just have to hold our hands up and admit we were beaten by the better side."

"The series is well poised at one all with three to play. I'm confident that we can win at least one of the last three. The measure of a side is how they come back from a setback. I'm confident we can come back mentally refreshed for Headingley, ready for one hell of a scrap."

However, such fighting talk aside, Atherton must be concerned with the way his top order were again found wanting in the first innings, which is where Test matches are controlled. He says he would bet good money that there will not be any changes for the next Test at Headingley, where England will be hoping to get back to a slow, well grassed pitch that will not metamorphose as this one did.

And yet the warning bells that went off at Lord's, when McGrath sent England packing for 77, will surely need to be heeded, necessitating if not a change in personnel then at least a radical rethink over how to best score a competitive total.

One of those under pressure before this match started was John Crawley, whose form, until his 83 in the second innings, must have been under selectorial scrutiny. Picked for his nous against leg-spin, Crawley waited until Warne was at his most ven-

omous to show his true mettle. Like Steve Waugh, he needed luck and having been dropped in the gully on Sunday, he was re-prieved once again, this time by Greg Blewett, as a rare error against Warne popped up obligingly off bat and pad. It was about the only straightforward chance Australia missed in this match.

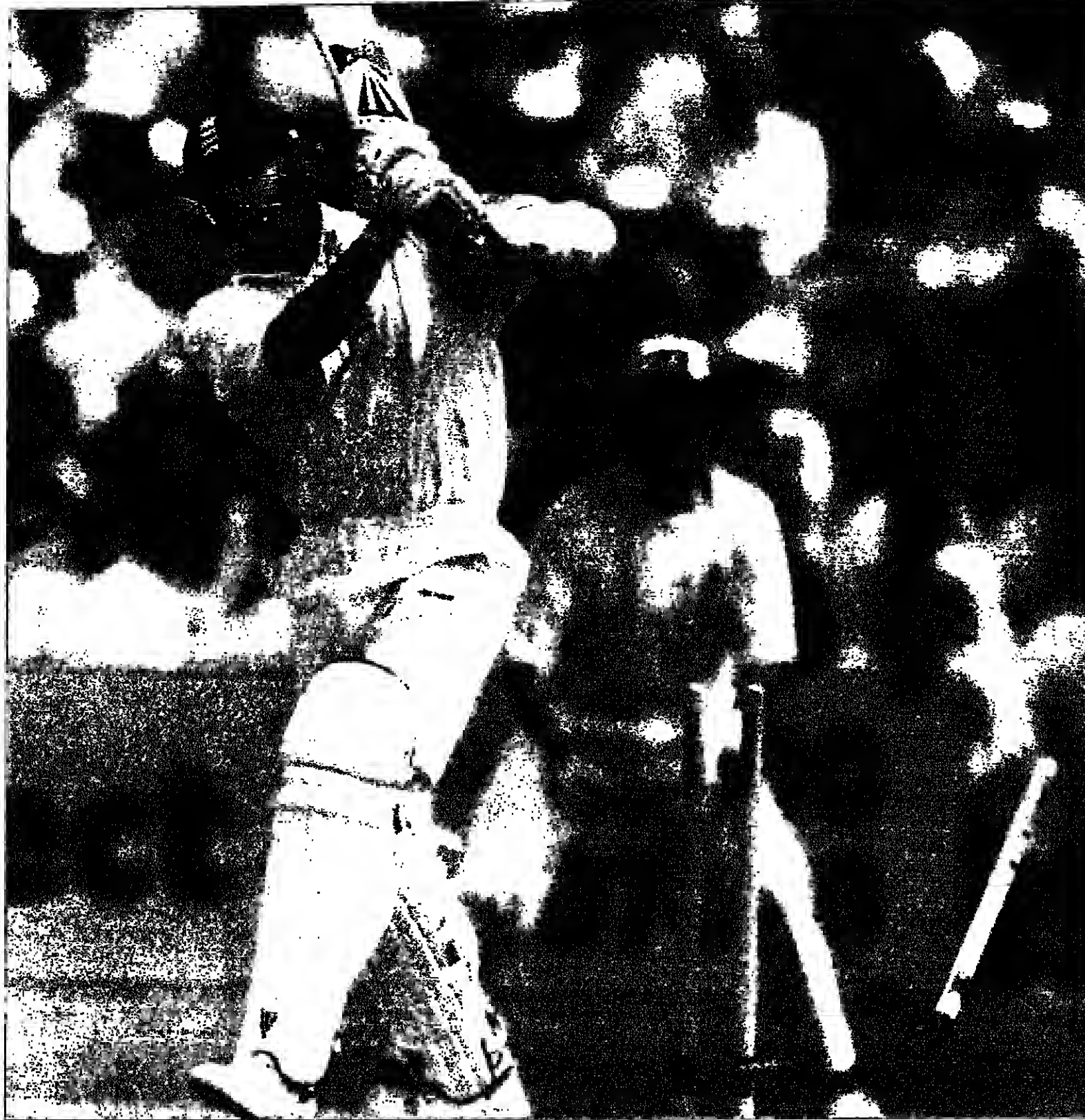
That apart, Crawley's shot selection, so crucial against a spinner of Warne's class, was spot on as the leggie, virtually unplayable on Sunday, was regularly dispatched to the boundary. It was only when he faced the tall, bustling McGrath that the terminal mistake was made when, following Atherton's lead from Lord's, he trod on his stumps while playing a short ball off the back foot.

McGrath, without the help of the green grass that had helped his type on the first day, showed why he is rated one of the finest pace bowlers around. Hitting the hard dry pitch with the ferocity of a bowler looking for an afternoon off, McGrath worked his way through England's lower order, bombing out a shaky looking Robert Croft with a rib-tickler before removing Darren Gough's off-stump. At one stage he had taken 4 for 15 in 31 balls, a spell that began when Mark Ealham who, having defended stoically, had his 98 minutes of resistance ended by a superb one-handed catch by Ian Healy.

Whether batting or keeping, the Australian wicketkeeper radiates confidence to his teammates. When he called for a helmet to keep wicket against Warne in, it was a move that said: "If I think this is a minefield to keep wicket to Warne on, what's it going to be like to bat on?"

Everything about Warne seems stiff, except his spinning wrist. Of course there is more to his peerless bowling than that, which on song is as precise and co-ordinated as a Rolex wristwatch. As Mark Taylor's trump card, Warne was the sole reason for the Aussie skipper's bold decision to bat first, made apparently at the last possible moment and without prior consultation with anyone.

When they are playing well, Australia are masters of the mind game. Victory here will have bolstered that, despite the continued poor batting form of Michael Bevan and Taylor, a line of weakness which Atherton believes still makes them vulnerable. Nevertheless, with a powerful psychology now exuded by the visitors, England must now travel to Headingley in the knowledge that while the series is level, Australian potency has been fully restored.



The end is nigh for England as Darren Gough's furniture is rearranged by Glenn McGrath at Old Trafford yesterday

Photograph: Peter Jay

Taylor's team turn the corner in style

JON CULLEY

Try as England will to maintain that the Ashes series is precisely balanced at the half-way stage, there is no denying that the Australians will head for Headingley on 24 July with a bouncier side than their opponents.

Undercooked in their favoured expression, when England won with such verve at Edgbaston, in this Test they appeared done to a turn, a description that also fitted their captain's view of an Old Trafford pitch on which Shane Warne returned to form with devastating effect.

A buoyant Mark Taylor celebrating his 16th victory in 30 Tests as skipper, revealed that his decision to bat first last Thursday in conditions that strongly favoured England's bowlers had been taken as late as 40 minutes before the start.

"I thought about bowling for sure. It was 50-50 the night before and still 50-50 when I arrived at the ground on Thursday morning. But I looked at the pitch after the last rolling at 10.20 and thought it had the look of the one here four years ago."

"People talk about it having been a big gamble but when you have a quality leg spinner like Shane Warne in your side I don't look at it that way. I told the guys it was going to be tough but that I fancied our chances if we bowled last."

"Shane had been below his best for the last two Tests but no one takes six or seven wickets in every game. Bowling, like batting, is a matter of confidence." Asked whether he had been unduly conservative in batting on past hunch on the fourth day, Taylor said the move had been simply to tighten the psychological screw. "Everyone knew that 400 was enough but as a batsman I know that it is nice to have a long break to prepare for an innings and I just thought I would give their guys a little longer in the field. It still left 141 overs and if you can't bowl a side out in that time then you are not going to."

As is his habit, Taylor declined to express anxiety about his own form, even though he was out in low single figures in both innings. "I'm not in the best form of my career but I came into this match with a hundred against Hampshire. I got a couple of good balls in this game but, in any case, I'd much rather make two and one and win the match than 129 and lose."

"Now we have the momentum going our way and as holders of the Ashes we are in front at 1-1," Taylor said. "We are mindful that the momentum can change as it did after Edgbaston, but we played very well here. We batted positively under tough conditions, especially Steve Waugh, whose century in the first innings was probably the best I've seen him play in Test cricket."

Waugh, the first to make two separate hundreds in an Ashes Test for half a century, won the man of the match award.

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OLD TRAFFORD SCOREBOARD

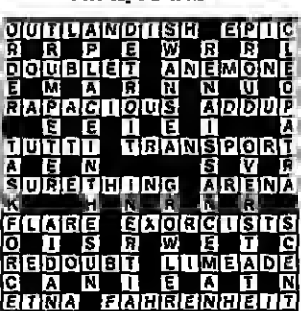
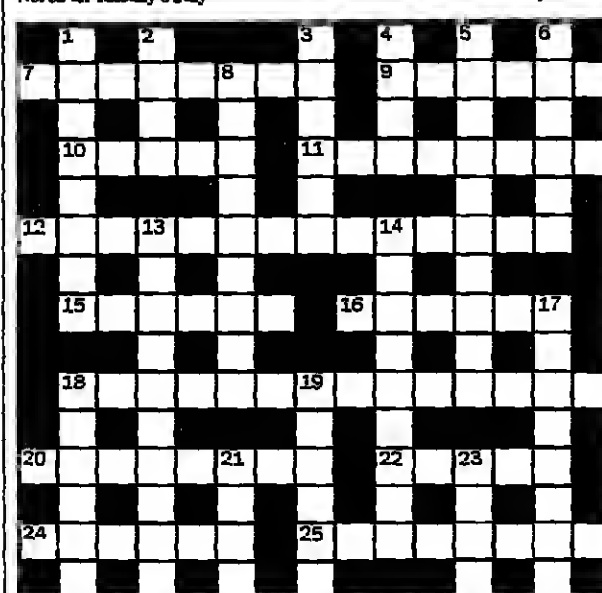
Australia won toss	
AUSTRALIA - First innings 235 (5 R Waugh 108; D W Headley 4-72)	EXTRA 105.4 (4.4 wickets)
ENGLAND - First innings 162 (M A Butcher 51; S R Waugh 5-69)	EXTRA 105.4 (4.4 wickets)
AUSTRALIA - Second innings 395 (8 dec 8 R Waugh 116; M E Waugh 55; S K Warne 53; D W Headley 4-104)	EXTRA 130 (for 5)
ENGLAND - Second innings 200 (J P Crawley hit wicket McGrath 83 (173 min, 151 balls, 10 fours)	M A Ealham c Healy b McGrath 7 (16 min, 13 balls)
R D Gough b McGrath 6 (124 min, 18 balls, 1 four)	A R Caddick c Gillespie b Warne 17 (22 min, 19 balls, 3 fours)
D W Headley not out 10 (10 min, 4 balls)	EXTRA 105.4 (4.4 wickets)
Total 237 min, 73.4 overs, 10-200	Fall (over): 8-158 (Ealham), 7-170 (Croft), 8-177 (Crawley), 9-188 (Gough), 10-200 (Caddick)
Bowling: McGrath 21.4-46-4 (7-2-34-0 14-2-32-4), Gillespie 12.4-31-3 (4-2-10-4 8-2-21-3), Reffel 2-6-8-0 (nrl), Warne 30.4-4-3 (nrl), Bevan 6-2-34-0 (nrl) (one spell each)	Progress: Fifth day: 150; 232 min, 57.4 overs, 200; 237 min, 73.3 overs, innings closed at 1-200
Crawley 80; 101 min, 94 balls, 7 fours	Umpires: G Sharp and S Venkatraman
TV Replay Umpire: J H Hampshire	Match Referee: R S Madugala
Man of the match: S R Waugh	Adjudicator: P J W Alcott

THE INDEPENDENT CROSSWORD

No. 3345, Tuesday 8 July

By Aired

Monday's Solution



- ACROSS
- Some of media, press kind, will provide entertainment (5-3)
 - One's natural response is acid (6)
 - The endless drink makes one play without skill (5)
 - See sailor possibly prove a hit more than average (5,3)
 - Going to make heart fonder? (5,2,7)
 - Small time employer of cat (6)
 - One finds nothing in volume about medical establishment (6)
 - Cold command from writers of cheque for furniture (5,2,7)

- DOWN
- Unusual trait is conservative and well-contrived (8)
 - Join solitary reflecting about right (5)
 - South African eats one pound of tough chicken? (6)
 - Old boy playing violin in state of forgetfulness (8)
 - Success destroyed master going against the flow (8)
 - Ruminants in named and unnamed river (4)
 - Noisy type of boulder penetrated US intelligence (6)
 - No idle talk over food-stuff (4)

- Man on wander could be put on the spot (4,3,3)
- Make efforts to hide depression in face (6)
 - Dreamy moon's contributed to making one sleepy (9)
 - Valued Lewis shortened and pressed for show (10)
 - Enlightened prison unit? (5,4)
 - Study about a liquid movement of bells (8)
 - Could be diamonds poor Rob put in tin (6)
 - Something affecting fellow player (6)
 - Neglect areas in which you'll find weed (4)
 - Dart say almost split (4)

Published by Newspaper Publishing PLC, 1 Canada Square, Canary Wharf, London E14 5DL, and printed at Mirror Colour Press, St Albans Road, Watford

Back issues available from Historic Newspapers, 01982 84370

Registered as a newspaper with the Post Office

Tuesday 8 July 1991

Lessons simply left unlearned

HENRY BLOFELD

England's summer has been stood most comprehensively on its head. The joy of Edgbaston has disappeared fast as if it had been a mirage, and England now have just over two weeks to reorganise themselves before the fourth Test at Headingley.

The plain fact is that Shane Warne has once again risen as a spectre scarcely less alarming than he was in 1993. At Edgbaston he had looked a pale shadow of the bowler we knew, but since then there have been clear signs that his form was returning.

He bowled a good spell right at the end of the Lord's Test and he followed this with some excellent bowling against Hampshire. As far as England were concerned the signs were ominous and it should have been essential for the batsmen to have come to Old Trafford as well

versed as they could be in the art of understanding his wiles.

Preparation these days involves looking at endless videos of the opposition as well as listening to patriotic music in the dressing-room. Surely videos of Warne from every angle should have been compulsory viewing for all the batsmen in the days before this last match.

As it was, it appeared as if they had come into it as under-prepared as the pitch. Alec Stewart succumbed to Warne twice, admittedly to a pretty good one in the first innings, which spun sharply across him out of the rough. In the second, he left an enormous "gate" and was bowled.

Graham Thorpe was also out to Warne in both innings. In the first he played a wild sweep, in the second a fierce cut at a ball he could barely reach. It was interesting that in his two superb hundreds, Steve Waugh never once swept or hooked. On that

Old Trafford pitch, with its uneven bounce, they were not safe strokes. Waugh understood: England did not.

Two other victims in Warne's spell of 5 for 19 in 70 minutes, which effectively won the match for Australia, were Nasser Hussain and John Crawley, who both played dreadful strokes. They received sharp leg-breaks which would have turned almost a foot past the off stump, but as the ball spun away both instinctively dabbed at it and were caught behind.

When England next face Warne it will be with a sizeable inferiority complex, but they should at least come prepared. A lot of thought and hard work must go into their preparation for they must not again look so dreadfully innocent against him. Even if they cannot read him they must work out a more satisfactory way of playing him than they managed at Old Trafford.

Murphy chooses Liverpool

Football

ALAN NIXON

Danny Murphy signed last night for Liverpool, in the process becoming the latest player to turn down Tottenham. Murphy, who played a prominent role in the recent World Youth Championships, spoke to both clubs after a package worth £2.7m was agreed with Crewe, before agreeing a four-year deal with the team he supported as a boy.

Murphy, who lives in Chester, is also friendly with a couple of Liverpool's younger

players and that played a part of his decision.

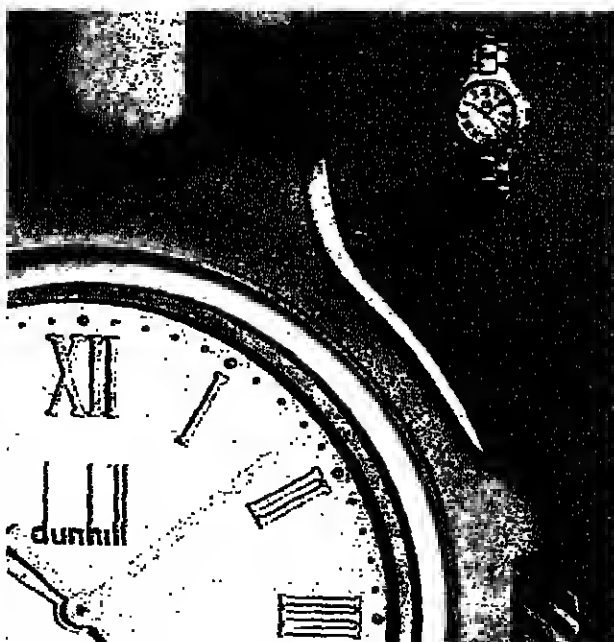
Liverpool will pay £1.5m down plus instalments that could almost double the fee. The deal is a record sale for the First Division's new arrivals.

Spurs were hoping to sign Murphy to make up for losing out to Atletico Madrid on Juninho. Murphy will be officially unveiled on Thursday when Liverpool also hope to be able to parade Paul Ince if the final details of a £4.25m move from Internazionale are ironed out.

Martin Dahlin's move to Blackburn Rovers was breaking

down last night, because his girlfriend is not keen to move to Lancashire.

One piece of good news was that the club has received a work permit for the Swiss centre-back, Stéphane Henchoz.



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